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## NEWS SUMMARY

**GENERAL**  
**OAU backs war on Smith**  
 The Organisation of African Unity, concluding the Libreville, Gabon, summit yesterday, endorsed the Patriotic Front as Rhodesia's legitimate national movement in a move which simultaneously endorses the guerrilla war against Rhodesia and further diminishes hopes of a negotiated settlement.

**BUSINESS**  
**Equities gain 1.4; dollar weaker**  
 EQUITIES held up moderately well in subdued trading, in spite of continued concern about pay policy. The FT 30 Share index closed at 451.0, up 1.4.

**Sadat welcomes Begin offer**  
 President Sadat of Egypt responded positively to an offer made by Mr. Menachem Begin, Israeli Prime Minister, to attend a reconvened Middle East peace conference in Geneva on October 10 and expressed his willingness to take part. Back Page, Carter backing for talks, Page 6

**Israeli jets buzz Lebanon**  
 As fighting intensified between Palestinian guerrillas and Right-wing Christian militias in southern Lebanon, Israeli fighter jets crisscrossed the area in what was described as a show of force. Page 6

**Lynch emphasizes on economy**  
 Mr. Jack Lynch, taking over yesterday as Irish Prime Minister, announced the re-organisation of Government departments responsible for economic affairs, including the establishment of a new Ministry, the Department for Economic Development. Page 4

**BBC's Cowgill to join ITV**  
 Mr. Bryan Cowgill, 30, former Controller of BBC 1 and director-designate of the BBC's News and Current Affairs, is to become managing director of Thames Television, the largest of the ITV companies. Page 8

**Steel supports small businesses**  
 Mr. David Steel, the Liberal leader, speaking at Saffron Walden where a by-election takes place tomorrow, sought to put more flesh on some of the policy commitments he is demanding from the Government when he called last night for the ending of discrimination against small businesses. Story and feature, Page 12

**Briefly...**  
 Prince Charles flew to Canada yesterday at the start of a five-day visit during which he will meet Indian tribes. Committal proceedings against nine men accused of dollar premium currency offences opened at London's Horseferry Road court. Reporting restrictions were not lifted. Brandishing sub-machine guns and pistols two men and two women raided a Madrid security services office and stole national identity cards and passports. The Dutch trawler skipper who was fined £25,000 at Aberdeen on Monday for fishing for herring inside Britain's 200-mile limit, has appealed. Kenya's anti-poaching squad has seized 107 elephant tusks and 3 antelope horns abandoned during a chase. The pollen count in London was 114, which is very high.

**Chief Price Changes Yesterday**  
 (Prices in pence unless otherwise indicated)

Advest	210 + 8
Bath & Portland	354 + 4
Becham	488 + 8
Cell (A)	237 + 13
Brathwaite	274 + 14
Butterfield Harvey	40 + 3
Chanter Tunnel	35 + 16
Cherwellfield	230 + 11
Costall (R)	120 + 8
Furness Withy	328 + 7
Hawker Siddeley	678 + 6
Jenks & Cattell	166 + 4
Laurence Scott	109 + 3
Midland Bank	296 + 8
Racal Elect	450 + 8
Redfern Natl. Glass	219 + 13
Remore	31 + 5
Root Harvesters	31 + 9
Routeledge	—
Seagan Paul	95 + 7
Sunley (E)	139 + 12
BP (Partly-paid)	353 + 5
Amal, Tin Nigeria	24 + 3
De Beers Deft.	290 + 3
Selection Trust	423 + 1
Swan Hunter	130 - 9

**COMPANIES**  
 GEC made pre-tax profit of £27.5m. (1976) on sales of £1,750m. in the year to March 31. Page 17 and Lex  
 McKECHNIE BROTHERS placed a rights issue to raise £4.2m. Page 16

**Features**  
 Time expiring in Rhodesia 14  
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 The Librals and Saffron Walden 13  
 Technology co-operation Moscow and Eurocommunism 4  
 Pakistan's tactical blunders 5

## BLOW TO HOPE OF ORDERLY RETURN TO PAY BARGAINING

# Miners reject pit productivity plan

BY ALAN PIKE, LABOUR STAFF, IN TYNEMOUTH

ONE OF the cornerstones for achieving an orderly and restrained return to free collective bargaining collapsed yesterday when the National Union of Mineworkers conference rejected productivity proposals which it had been hoped would help to moderate the miners' next direct pay demand.

After winning the fight on pay at the conference yesterday, Mr. Joe Gormley, NUM president, and his supporters on the executive lost the initiative over plans to introduce a pit-level productivity scheme—a defeat which may have wide repercussions.

Quite apart from once again dashing the industry's hope of boosting its disappointing output record, the decision will increase pressure in the union for big increases in their next wage negotiations.

The day started well for Mr. Gormley when, by 140 votes to 131, the conference endorsed the more negotiable of two pay motions before it. This demands new rates of up to 135 per week. But it was made clear during the debate that the figures were targets which the union will seek to achieve, rather than a direct demand to be met in the coming year.

However, moderate delegates' satisfaction with the outcome of the pay debate lasted only as long as the lunch-break.

At the start of the afternoon session, the conference voted by 137 to 134 against a motion calling for the immediate implementation of a meaningful locative scheme, and by the same majority reaffirmed a 1974 ban on productivity proposals which it would not accept against such arrangements.

Talks on a new pit-level productivity scheme are now in progress between the union and the National Coal Board.

It has been calculated that miners could receive up to £20 a week in bonuses, and the TUC has already agreed that self-financing productivity arrangements should be exempt from the normal 12-month rule on pay settlements in the coming year.

Moderates in the union were convinced that such productivity payments—which could have been introduced within the next few months—would enable them to reach a reasonable settlement in their next pay talks.

It must now be assumed that, without such a boost to their pay packets, the £135 per week target for highly-skilled men will become a much firmer objective in the eyes of many miners.

The decision not to go ahead with the productivity deal means that the pay guidelines now stand, the miners can expect no more money until next March.

The successful pay motion calls for implementation in November, but during yesterday's debate Mr. Lawrence Daly, general secretary, stressed to delegates that they could expect to achieve this only under the productivity arrangements.

One of the ironies of the situation is that the TUC decision to exempt productivity agreements from the 12-month rule was, in reality, taken with the specific case of the miners in mind.

Other groups of workers now stand to benefit from it while the coal industry will still be deprived of its much-needed incentive scheme.

Sir Derek Ezra, chairman of the National Coal Board, was told of the conference decision when he arrived to address delegates soon after the vote had been taken.

He stated that the Board's annual report to be published later this month, will show a further drop in deep-mined coal production in the last financial year to 106m. tons from 112m. tons in the previous year, which was itself down on a year earlier.

Output per man-shift in the year to last March averaged 43.6 cwt. compared with 44.8 cwt. the previous year. Four years ago, when the industry reached its best performance, output was almost 46 cwt. per man-shift.

Sir Derek told delegates that without an effective productivity scheme, the industry had failed to honour its side of the bargain in return for the extensive investment which the Government was making in the coal industry.

He said afterwards that the conference decision would make efforts to get an incentive scheme "much more difficult," but the Board would continue to seek one.

## Post Office suspends 26 workers over Grunwick mail blacking

BY DAVID FREUD AND NICK GARNETT

THE POST OFFICE yesterday suspended without pay the 26 workers on the afternoon shift at the Cricklewood sorting office when they refused to end their boycott of mail from the Grunwick film processing plant.

There were signs last night that other London branches of the U.P.W. Post Office Workers would be taking some form of industrial action in the next few days despite the confidence of Mr. Tom Jackson, the union's general secretary, that branches would work normally.

In the meantime, the union is making up any loss in pay sustained by suspended members.

Elsewhere, the court of inquiry convened under Lord Justice Scarman to investigate the causes of the dispute was adjourned until Monday.

In the High Court case into the Advisory, Conciliation and Arbitration Service's recommendation that Grunwick should recognise the Association of Professional Executive, Clerical and Computer Staff for negotiating purposes, Mr. Myrvyn Heald, Q.C. for Grunwick said the ACAS report showed evidence of "muddled thinking" that AGAS was also submitting that the best interests of all customers and staff.

There were no collections in the NW2 area of London last night and the Post Office advised residents to post their mail outside the district until the position had been resolved.

Late yesterday all the afternoon shift had left the premises. The 31 staff on the morning shift are likely to be suspended to-day in a similar way.

The union decision to make up loss in pay was made by the executive council a week ago. The next council meeting is scheduled for July 28, and no emergency meeting is planned at the moment to reconsider the decision.

Mr. Len Holmes, secretary of one of the two UPW branches at Paddington said his members would be taking some action.

He said: "We decided at a special general meeting last week that if the Cricklewood sorters were suspended, we would carry out token stoppages and black all mail going into Grunwick. That decision now comes into effect."

At the first session of the court of inquiry at the Piccadilly Hotel yesterday, the chairman Lord Justice Scarman emphasised the urgency with which the inquiry should carry out its work and hoped evidence could be taken "almost immediately."

Counsel for both Grunwick and APEX involved in the 11 months union recognition dispute said it would be difficult to start this week because of administrative problems caused by the High Court hearing and the way the inquiry court was called at short notice.

Continued on Back Page 11  
 High Court hearing, Page 11

## Callaghan toughens stance on Drax B station

BY MAX WILKINSON

THE Prime Minister took a tough line yesterday with MPs who urged him to ensure an immediate order is placed for the £200m. Drax B power station which is not yet needed.

Mr. Callaghan now appears to be standing solidly behind Mr. Eric Varley, Industry Secretary, who says Parsons, turbine manufacturers must be placed under control of the General Electric Company before the order is placed.

Mr. Varley has said that if unions continue to frustrate such a merger, he would like the order to go out to open tender. If this happened it is thought that GEC, with its superior financial muscle, could win the order.

He said it was regrettable that the restructuring of the industry looked unlikely. "We will have to consider Drax B with this in mind. A decision will be taken in due course," he said, adding that the decision would have to be properly processed.

In five years people might come to regret the obduracy they had shown, because Drax B was not going to be the salvation of the industry that some quarters were suggesting.

A takeover of Parsons by GEC seemed likely earlier this year, but it has not been able to go ahead because of intense opposition from the unions at Parsons.

The Department of Industry is trying to persuade the unions to agree to some form of merger. Failing that it is expected that the Cabinet will have to make a decision on the ordering of Drax next week.

Editorial Comment, Page 14  
 Parliament, Page 12

## Pakistan coup chief promises election soon

BY DAVID HOUSEGO, ASIA CORRESPONDENT

THE MILITARY regime that seized power in Pakistan yesterday after imprisoning Mr. Zulfikar Ali Bhutto, the Prime Minister, and other political leaders, promised last night to hold elections in October as a prelude to a return to civilian rule.

General Zia-ul-Haque, 53, the army chief of staff who appears to have organised the unexpected coup d'état, announced in a radio broadcast that the national and provincial assemblies had been dissolved and that all political life for the time being was suspended.

Mr. Gormley announced after the decision that negotiations between the union and Coal Board, which had been working out the details of the proposed scheme, would be broken off. He was personally "damned disappointed" and still believed incentive schemes were a suitable way of increasing earnings.

Left-wingers are opposed to local incentive schemes, arguing that they pose a threat to safety standards and would destroy the organisation and unity of the NUM.

But Right-wingers fear that the reaction to yesterday's decision of men in highly productive areas who want the scheme.

The difference in voting in yesterday's pay and productivity debates can be entirely accounted for by the six-strong clemens' delegation to the conference changing sides.

Mr. Mick McCabe, Communist vice-president of the NUM, was yesterday re-elected to his post, defeating moderate Mr. Len Clarke, 146 to 125.

## Full backing

General Zia said that he had taken over as Chief Martial Law Administrator and would be ruling as part of a four member military council that included the chairman of the joint chiefs of staff, and the chiefs of the navy and the air force.

The coup thus has the full backing of the armed forces. However, restlessness among middle ranking officers at shouldering the blame for propping up Mr. Bhutto's beleaguered Government seems to have been an important factor in prompting the high command to act. General Zia said that the army had intervened to pull Pakistan out of its political deadlock.

## Dismal record

The crisis originated with charges by the opposition Pakistan National Alliance that Mr. Bhutto's victory in the March 7 general election was the result of "massive rigging". These were followed by a campaign of street agitation to secure Mr. Bhutto's resignation which resulted in the death of about 850 people. The toll on the economy has also been heavy.

Negotiations between Mr. Bhutto and the Pakistan National Alliance on conditions for holding fresh elections and the shape of an interim administration have dragged on since early June. The prospect that the two sides would fail to reach agreement had raised the possibility of a return to large scale political violence.

## House arrest

The new military regime has jailed opposition leaders as well as the main members of the Government. According to unconfirmed reports Mr. Bhutto is being held under house arrest at Murree north of the capital Islamabad.

The arrests inevitably cast doubt on the feasibility of the military's declared intention to prepare the way for free elections. General Zia, however, promised to prepare a timetable for elections in October and to hand power to the elected representatives of the people. He said that he wanted to make it clear that he had no political ambitions.

Until yesterday's events General Zia was believed to be entirely loyal to Mr. Bhutto, who personally chose him to lead the army, thus angering several other senior officers.

Observers in Pakistan have described him as "not tough enough" to lead the country. Remarks yesterday in which he said that he was "much heartened by the Islamic sentiment that surfaced during the agitation against Mr. Bhutto suggest he might have more sympathy with the opposition than had been thought.

General Zia said in his broadcast that parts of the constitution had been suspended or suspended by martial law, but the constitution has not been abrogated.

No violence was reported on the day of the military takeover though there was a small demonstration in Rawalpindi. Troops guarded major public buildings.


Though there has long been speculation that the military would be drawn into the post election crisis which began five months ago, yesterday's intervention still came as a surprise.

in New York

	July 5	Previous
Spot	\$1,790.787	\$1,797.710
1 month	1,811.35	1,822.26
3 months	1,811.35	1,811.35
12 months	1,825.10	1,825.10

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BY BEN WATSON  
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# A Balance of Bias

by CHRIS DUNKLEY  
Many industrialists and other businessmen complained of the bias against commerce and capitalism which they serve throughout the breadth of television programmes. In a recent issue of the *Financial Times*, the author of a series of articles on television, the *Financial Times* correspondent of the *Financial Times* has noted that since the war, Britain's prevailing programme, almost universally agreed, has been a failure to invest adequately. In total, the re-

broadcasting policy known variously as "balance" and "objectivity" which actually means that nobody's case can be put in the way that they would like to see it put convincingly. Thus there is nothing irreconcilable about the complaints made by businessmen and those made by trades unionists. By their own lights they are probably all quite right. They are being misrepresented by television, in the sense that they are

Only London Weekend Television's often admirable regional current affairs series, *The London Programme*, has really exerted itself, devoting the best part of its time for the past three weeks to the subject. Last Sunday's programme was even broadcast nationally on the ITV network. However, the programme does not start until 11 p.m. and this week, incidentally in view of the claims in *Trade Unions and the Media*, the valuable words and assumptions habitually favoured the unions. The "intervention" of the National Association for Freedom was described as "a significant identification of the dispute" though this was not the case, apparently, with the intervention of APEX (or *sex*) the arrival of the Welsh miners' picket. The support given to owner George Ward by NAFW was described as "committed" and it was said that this enabled him to "defy" the mass media. Throughout her report Angela Lambert adopted the union habit and talked of "strikers" whereas Ward says they are ex-employees. And so on.

That aside, the point is that *The London Programme* is the exception that proves the rule regarding current affairs television. That rule is to supply too little, too late. The recently published *Report on the future of broadcasting* asked: "How is it possible for people to put these things in context, or to have much understanding of that part of the country's life on which, after all, much of our main chance of prosperity and a better future depends, if other aspects of industry or commerce and the world of work as a whole are inadequately covered in the news, current affairs or documentary output?"

How indeed. Buy a couple of good newspapers, presumably. Which raises one last aspect of *Trade Unions and the Media* that should be brought out again: and again in its authors suggest that the British newspapers are just as unanimous in their support (or explicit) support for the two television news broadcasting organisations. The existence of the *New Statesman*, *Tribune*, and *Socialist Worker* is blithely ignored, as is the fact that every day for decades 50,000 old people evoked with the *Daily Worker*, and the *Morning Star*, but the ever a television channel with attitudes and programmes that pleased the authors of this book were set up, its audience would be just about the size of the readership of the strikingly unpopular *Morning Star*. *Trade Unions and the Media*; Macmillan.

For a start, the absurdly rigid inflexibility of television schedules (unless the football is involved) means that not one of our three channels has ever managed to mount an explanatory programme of a decent length at a time when most viewers are free to watch.

One might think that any responsible broadcaster, faced with a *morning* which has such obvious, manifold, crucial implications, would have taken advantage of his high-speed medium to keep the public unusually well informed and up-to-date on all

the causes and effects of the business and the effects of the "balance" and "objectivity" which actually means that nobody's case can be put in the way that they would like to see it put convincingly.

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*Trade Unions and the Media*; Macmillan.



Pigeon-headed demonstrators outside Grunwick.

## Wigmore Hall Shelley/Macnamara

by MAX LOPPERT

A two-pianist duo ought not to require praise for its precision of ensemble — absolute precision in basic two-piano performance, amiable amateurs (at least, only to which Mr. Shelley began to coax). Yet it was impossible in Monday's recital not to sum up the husband-and-wife team of Howard Shelley and Hilary Macnamara played, and stayed, together. Their teamwork soon won the listener's confidence, in a programme of Stravinsky, Rakhmaninov and Brahms, that nothing would come apart, that the performances would be well schooled and strongly managed. But it was difficult to extend such confidence to other aspects of the performance. Especially in the mighty Brahms' minor Sonata that occupied the second half, efficiency seemed to have been the overriding aim, with little attention left over for the consideration of interpretative matters above and beneath the printed text. Tone was unvaried, tempo di volta.

## Coliseum Nureyev Festival

by CLEMENT CRISP

Mikhail Fokine declared that there was no corps de ballet in *Les Sylphides* that every artist on stage was a soloist. The group of young dancers who formed the background to Monday's performance might pardonably be allowed to think otherwise, and find themselves involved with Fonteyn, Makarova, Seymour and Nureyev. The production itself, revived by Marina Stavitkaya, opens the season. It looks like a Soviet-based version of Fokine's choreography, and was dutifully done by its corps, while the stars were very much themselves. That they have all in their time brought something to *Les Sylphides* — we may take for granted: in the present stellar conjunction there is a good deal of stylistic disparity, with Makarova's imperiousness and Nureyev's demand for desire. The moment at the end of the country scene when Fonteyn says farewell to the reclining Nureyev seemed to me acting of incomparable grace; it transcended the fever and redemptive, and the deprecations of the years, to show the best dramatic art at its simplest.

## Milestone for 'No Sex, Please...'

No Sex, Please... We're British. Now in its seventh year at the Strand Theatre, becomes the longest running comedy in the history of the British theatre when it clocks up 2,546 performances on Saturday, July 16, breaking the record of *There's a Girl in My Soup* which ran for 2,537 to us still in Craig's writings, and performances.



Morag Hood and Frederick Warden in 'Bow Down', which opened Her Majesty's Cause Célèbre.

## Her Majesty's Cause Célèbre

The main plot of Terence Rattigan's new play deals with one of his favourite themes, the domination of the older partner in an association by the younger. It was the theme of *The Deep Blue Sea*, *Variations on a Theme*, *Mon and Boy*. This time he has chosen an example from real life — the case of Alma Rattenbury and her young lover, here called George Wood. Alma Rattenbury, for the benefit of those who were not reading the papers in 1935, was a Bourne-mouth lady married en troisième noces to an elderly husband with whom she got along tolerably well by the use of a little modest deceit and a good deal of gin. She wrote songs that were good enough to be sung on the wireless. George Wood, aged 17, answered an advertisement for an odd-job boy when what Alma and her companion Irene Riggs expected was a Boy Scout sort of thing, but what turned up was a high, ambitious, unscrupulous youth who became a chauffeur, living-in, almost at once and lost little time in creeping into his employers' bed. One day, when they had had a tiff, George, or Alma, or both of them, killed Mr. Rattenbury with several savage blows on the head from a mallet and the two were ultimately sent for trial to the Old Bailey. Let me say now, before going into the complications of *Cause Célèbre*, that Alma Rattigan makes dramatic material of the highest quality, and gives Glynnis Johns the opportunity for a performance such as she hasn't shown us for some time. We see her as a languid housewife idly attentive to her husband (Anthony Pedley); as a drunken virago challenging the police who have come to investigate the death; in determined conflict with her defence lawyers (Keretha Griffith, with all stops out, and Philip Bowen); and in officialdom into sympathy, and broken voice the evidence against Wood that she had sworn she will not give. In every mood she is excellent. The complications of *Cause Célèbre*, however, are considerable and not all equally acceptable. The play began as a radio script, and radio allows flexibility in an association by the younger. The advantage of such flexibility Terence Rattigan has introduced a sub-plot concerning a woman whose personal circumstances render her particularly antagonistic to Mrs. Rattenbury, even when she has only read of her in the papers, and who by ill becomes forewoman of the trial jury. Although the author and the director (Robin Midgley) clearly see this Mrs. Davenport as a complement to Mrs. Rattenbury, and delight in stage pictures where the two are spotted on opposite sides of the stage, no such correspondence really occurs. This may be because the scenes for the Davenports are dramatically less interesting than those that follow the progress of the case; young Tony Davenport (Adam Richardson) catching clap from his first woman is not an interesting boy, and his mother and her confidante Stella (Angela Browne) really only qualify for upstage seats at the separate tables. Moreover the radio origin of the play is still too evident, with brisk skips from situation to situation that call for a complex set by Adrian Vaux. When we are following the Rattenbury-Wood case, however, the play is enthralling. Terence Rattigan makes dramatic schemes he devises for his lawyers, would clearly have been turned his mind to it; the skillful interplay between prosecution and the two separate defences is fascinating, and beautifully played. (Berard Archard appears for the prosecution.) Hopeless to try to mention all the 21-strong cast; but a word for Peggy Altholton as Mrs. Rattenbury's wardress, melting from officialdom into sympathy, and more than a word for Matthew Ryan as Mrs. Rattenbury's son Christopher, who injects much character into a small but touching part.

B. A. YOUNG

## Mr. Polly

Mr. Polly is a play by Noel Coward, first performed in 1926. It is a comedy about a middle-aged man who is married to a woman who is much younger than he is. The play is set in a small town and follows the life of Mr. Polly as he deals with his wife's infidelity and his own feelings of being trapped in a loveless marriage. The play is a classic of the genre and has been revived many times.

## Prospect for Old Vic

The Prospect Theatre Company, which began on May 3 and ends this week, has been a great success with full houses on all the former residences of the Prospect and many nights. As a result, W. D. Howells, which had not underwritten the plays, has not had to pay out much, and intends to maintain its links with the company. The Prospect now leaves for a tour of the Middle East, followed by a tour of the Edinburgh, and a national tour, before it returns to the Old Vic in November.

## Berlin Film Festival—1 Hitler's ghost

More boldly this year than ever before, the ghost of Adolf Hitler has been rattling the chains in the city, where the Führer spent his last earthly days. Thirty-two years have passed since the end of World War II, and a whole generation has grown up with no first-hand memory of that conflict. What is to their parents still too close and painful a subject to speak of freely, is to them a piece of history that can and must be discussed and exorcised. More than ever, the Berlin film festival — at any rate the German film festival — seemed this year like an autopsy on Germany's recent past; and a warning of the subtle ways in which the political evils of that time could re-emerge in the future.

## The Entertainment Guide is on Page 12

without thought, via his promotion through the ranks of National Socialism, to his bleak eminence as a mastermind of Jewish liquidation. The film cannot hope to do detailed justice to as wide a canvas, but it has here chosen: even though it lasts 160 minutes, but it is a worthy attempt, and it offers some revealing insights into the evolution of political tyranny. Reflections on Nazism were not confined to the German cinema. The Russian film *Casey* translates an episode from World War II into a crucifixion parable. Two Russians are captured by Nazi troops: one heroically resists interrogation; the other cracks and betrays his fellow. The hero is executed; the traitor, in Judas-like remorse, tries to take his own life. The audience roared its approval of the film, but I found the facile Christian sentiments and the megalomaniacality of the piece thoroughly repellible. The best film about the Hitler years was an Israeli-French documentary, *The Six: Blow As in Hitler*. The footage was familiar: taken this time from the vast accumulation of photographic material on the concentration camps. Here again are the wizened limbs, the hollow faces, the terrible caricatures of humanity wrought by Nazi cruelty. But the sequences are put together with such precision and integrity, and are so well matched to a soundtrack composed of eye-witness accounts of the Jewish persecution, that the film has an impact as vivid, poignant and appalling as if one were viewing these atrocities for the first time.

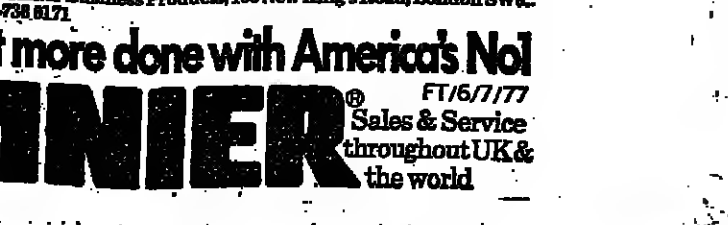


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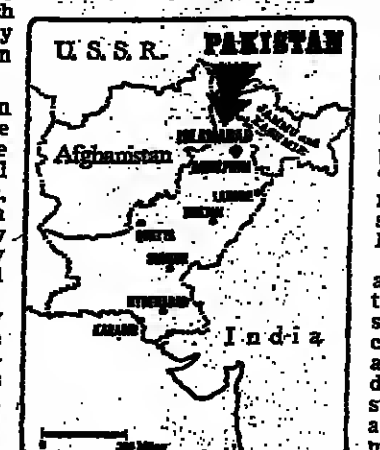
OVERSEAS NEWS

Cabinet... How Mr. Bhutto lost his grip

he Pakistan military coup was not inevitable—David Housego looks at the tactical blunders which spurred it

GENERAL Zia-ul-Haque, the to call in the army in April... as least of state in 1969... the way for general elections in October...

high-handed approach to criticism... Mr. Bhutto's tactical mistake... Mr. Bhutto's tactical mistake was that he delayed too long in recognising that another election was needed to re-establish his legitimacy...



Mr. Bhutto called his account of the breakdown of talks with the army in March 1977... Mr. Bhutto's tactical mistake was that he delayed too long in recognising that another election was needed to re-establish his legitimacy...



Mr. Bhutto... arrogant and vindictive.

Kashmir once more looks to the Lion

BY K. K. SHARMA NEW DELHI, July 5.

THE SWEEPING victory of Sheikh Mohammad Abdullah's National Conference Party in Kashmir's election this week has underlined the 71-year-old Sheikh's position for the last five decades as the leader of the overwhelmingly Moslem people of the Valley of Kashmir and the state's delicate relations with India... When released unconditionally in 1968, his first statement was that his main concern was to reconcile India and Pakistan...

Chinese drought leads to record purchases of wheat

COLINA McDUGALL PURCHASE BY China on the form of recent years... China bought only 2m tonnes... The prolonged drought over large areas of China, although China normally buys substantial quantities of wheat...

PEC split loses as Iraq drops price rise

BRISTOL, July 5. THE Government has announced a planned 5 per cent price increase in order to meet the needs of the Organisation of Petroleum Exporting Countries... Iraq has dropped its price for oil...

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New Rhodesian party seeks multi-racial rule

BY TONY HAWKINS SALISBURY, July 5. THE NEW Rhodesian opposition party, the Rhodesian Action Party, has said that it has a panel of three candidates from whom to choose a challenger in the Ruspae by-election within the next six weeks... Mr. Chisumano, who is deputy to Mr. Joshua Nkomo, accused three black leaders—Bishop Abel Muzorewa, Rev. Ndabaningi Sithole and Sen. Chief Chirau—of wanting to reach a secret agreement with Mr. Ian Smith...

Egypt kidnapping

Enlisting the aid of the influential Al Ashar mosque, the Egyptian Government negotiated yesterday with an ultra-religious Moslem group which kidnapped a former Cabinet Minister and held him hostage for more than 72 hours... Mr. Smith will have an opportunity to reply to the charges being levelled at him by white opposition parties and the black nationalists when he gives a news conference in Salisbury tomorrow.



AMERICAN NEWS

Carter backing for Geneva talks

President Carter gave the Geneva disarmament conference the full backing of the U.S. in priority action on the banning of all nuclear tests and on the prohibition of chemical weapons.

Industrial decline

Combined industrial production in six major western countries posted a sharp 0.8 per cent decline in April, the U.S. Commerce Department said yesterday.

Belize troops move

British troops have been deployed within two miles of the border with Guatemala as part of tightened security arrangements in Belize following increasing military statements from Guatemala.

Chile devaluation

Chile's Central Bank has issued the table of devaluation of the Chilean peso over the next 30 days after the National Statistics Institute disclosed a 3.3 per cent domestic rate of inflation for June.

Roschmann at large

Eduard Roschmann, the alleged Nazi war criminal whose extradition to West Germany the Argentine Government has granted, is still at large.

Haitian envoy accused

The Haitian Government yesterday ordered the return home under escort of the first secretary of its embassy in Brasilia following allegations that he was involved in the murder of his ambassador.

ON OTHER PAGES

International Company News: Volkswagen profits BP acquisition in U.S. 20/21 Farming and Raw Materials: Egg market problems World grain supplies 22

THE MIDDLE EAST

U.S. plan to support Begin with bases 'most unlikely'

WASHINGTON, July 5. THE UNITED STATES might consider establishing some kind of naval or military base in Israel after an overall peace settlement, but it is highly unlikely that Congress would ever approve such a plan, according to senior sources within the Administration.

Fall of dollar provokes concern over trade policy

BY STEWART FLEMING

NEW YORK, July 5.

THE SHARP decline in the value of the dollar on foreign exchange markets in recent days has surprised currency analysts. The most commonly quoted view here is that the recent upheavals on the exchanges reflect more pressure for revaluations of some currencies, especially the Japanese yen and the West German mark, rather than downward pressure on the dollar.

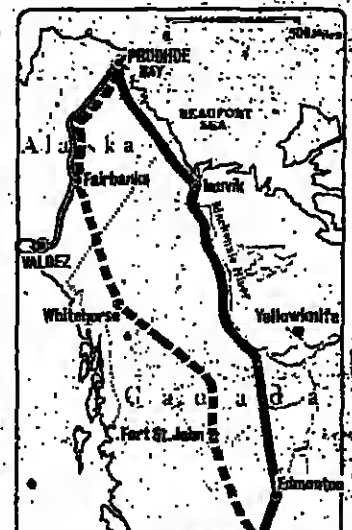
Canada backs Alcan pipeline

BY VICTOR MACKIE

OTTAWA, July 5.

THE CANADIAN Government's National Energy Board (NEB) has given conditional approval in a recommendation to the Cabinet to the Alcan highway proposal, to build a gas pipeline from Alberta across Canada.

Mr. William Wilder, Arctic Gas chairman, said that the Board's support for the rival Alcan proposal does not mean that the NEB decision is not based on facts and therefore must be based on either emotion or politics.



THE NEB, in concluding that the Alcan proposal was preferable to the much larger Mackenzie Valley pipeline project of Canadian Arctic Gas Pipeline, forecasts that southern Canadian markets may need Delta gas as early as 1981.

U.S. steel import curbs sought

BY JAY PALMER

NEW YORK, July 5.

THE U.S. steel industry, after weeks of discussion, has come out publicly in favour of some kind of immediate restrictions on the importing of foreign carbon steel products into the U.S.

Israeli jets cross Lebanon in show of strength

BY HANAN HIJAZI

BEIRUT, July 5.

ISRAELI FIGHTER jets today crossed Southern Lebanon, flying over Sidon and Tyre, the two main Moslem ports in the south, in what witnesses called a show of force.

WORLD TRADE NEWS

EEC plans duty on Japanese bearings

By David Buchan

LUXEMBOURG, July 5.

THE EEC Council of Ministers has been asked to approve in principle a 15 per cent permanent duty on imports of Japanese ball and roller bearings.

But this weapon would be kept in reserve as long as Japanese producers kept to their promise of last month to raise their prices between 10 and 20 per cent.

The Japanese price under taking came after the Community commission last year launched an investigation into Japanese bearing imports into the Community.

Capper-Neill company wins W. Africa job

By Rhys David

CAN. AMI International, the Canadian associate of Capper-Neill International, has been awarded a \$20m contract for the electrical and electrical installation of an irrigation scheme and sugar complex in the Sudan.

Swedish car sales falling

By John Walker

STOCKHOLM, July 5.

NEW CAR sales in June continued to follow the previous month's downturn and amounted to 20,787 cars compared with 23,440 cars in June last year.

ECGD backing for £27m. Polish loan

Financial Times Reporter

THE EXPORT Credits Guarantee Department (ECGD) has guaranteed a £27m. loan in Bank Handlowy w Warszawie in Poland.

Contracts

A German consortium led by Siemens and including Transformatoren Union and Leonhard Wolf Co. (Building Contractors), has been awarded the order for expanding the power supply to the airport of Jeddah, which was supplied by Siemens.

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France secures long-term S. African uranium supply

BY DAVID FISHLOCK, SCIENCE EDITOR

THE FRENCH have made a \$100m. interest-free loan to help finance development of a major South African gold and uranium development programme.

The contract is between the French Atomic Energy Commission (CEA) and Randfontein Estates, owned by Johannesburg Consolidated Industries, and covers deliveries of 900 tonnes of uranium oxide a year—the entire output of the mine—over ten years.

The French are already supplying South Africa with its first commercial nuclear power station, the 90 Mw Koeberg station near Cape Town.

The French have negotiated a second uranium deal. The uranium price would start at a minimum of \$27 per lb and rise to \$30 per lb by the end of the contract.

The CEA is funding the partial investment programme at Randfontein, already well advanced, to the sum of \$100m. This programme will provide for the processing of both uranium and gold at the rate of 250,000 tonnes of ore a month. It is expected to be largely completed by mid-1978.

South Africa announced last month that its uranium output had expanded by 11 per cent last year. It is the only major uranium supplier in the world.

Algeria signs LNG export deal

BY MICHAEL VAN O...

THE ALGERIAN state energy company Sonatrach has signed a large liquefied natural gas (LNG) contract with the Dutch company Shell.

The contract involves the supply over a 20-year period of about 8bn cubic metres of LNG annually, with a total value of about \$1.5bn. The contract has not been disclosed but the price level prevailing about five years ago.

The Dutch company said that the contract would be the first of its kind in the world. It would be based on the world gas market price prevailing about five years ago.

Yugoslavia foreign offices move

BY A. LEB...

FOREIGN COMPANIES may now open representative offices in Yugoslavia under conditions contained in a Federal decree which became effective on June 21.

Representative offices may be established by one or more companies jointly. An individual company is allowed no more than one office, but in exceptional cases it may open branch offices.

Dell urges more trade with B

FINANCIAL TIMES REPORTER

BRITAIN NOW has a second chance to share in Brazil's development, and must not waste it, Mr. Edmund Dell, Secretary for Trade, said yesterday.

Addressing the Brazilian Chamber of Commerce in London, Mr. Dell said British industry missed its chance in the 1950s and 1960s.

pared to sign contracts with strings that apply to the proliferation of nuclear explosives. uranium stockpile on deliveries to the EEC that the nuclear fuel shall be supplied as enriched uranium hexafluoride provided that by the time delivery is due, the nation is able to take it this year.

Fast breeder deal signed

BY ROBERT MAUTHNER

PARIS, July 5.

FRANCE AND West Germany signed an important fast breeder nuclear reactor co-operation agreement here today covering both research and development and the commercialisation of the new generation of reactors.

Under the agreement, the French Atomic Energy Commission (CEA), Interatom, a subsidiary of the West German Siemens company, and the Karlsruhe Nuclear Research Centre (GFK) have undertaken to exchange information on all aspects of their fast breeder research and development programmes over 20 years.

Melbourne ban on uranium ship

BY KENNETH RANDALL

CANBERRA, July 5.

DOCKWORKERS in Melbourne have imposed an indefinite ban on the handling of ships carrying uranium, in defiance of their federal union policy and that of the Australian Council of Trade Unions.

The first victim of the ban is the German freighter Columbus which was off port to-night whose operations were delayed awaiting government clearance for four days to load and discharge decisions.

Algeria signs LNG export deal

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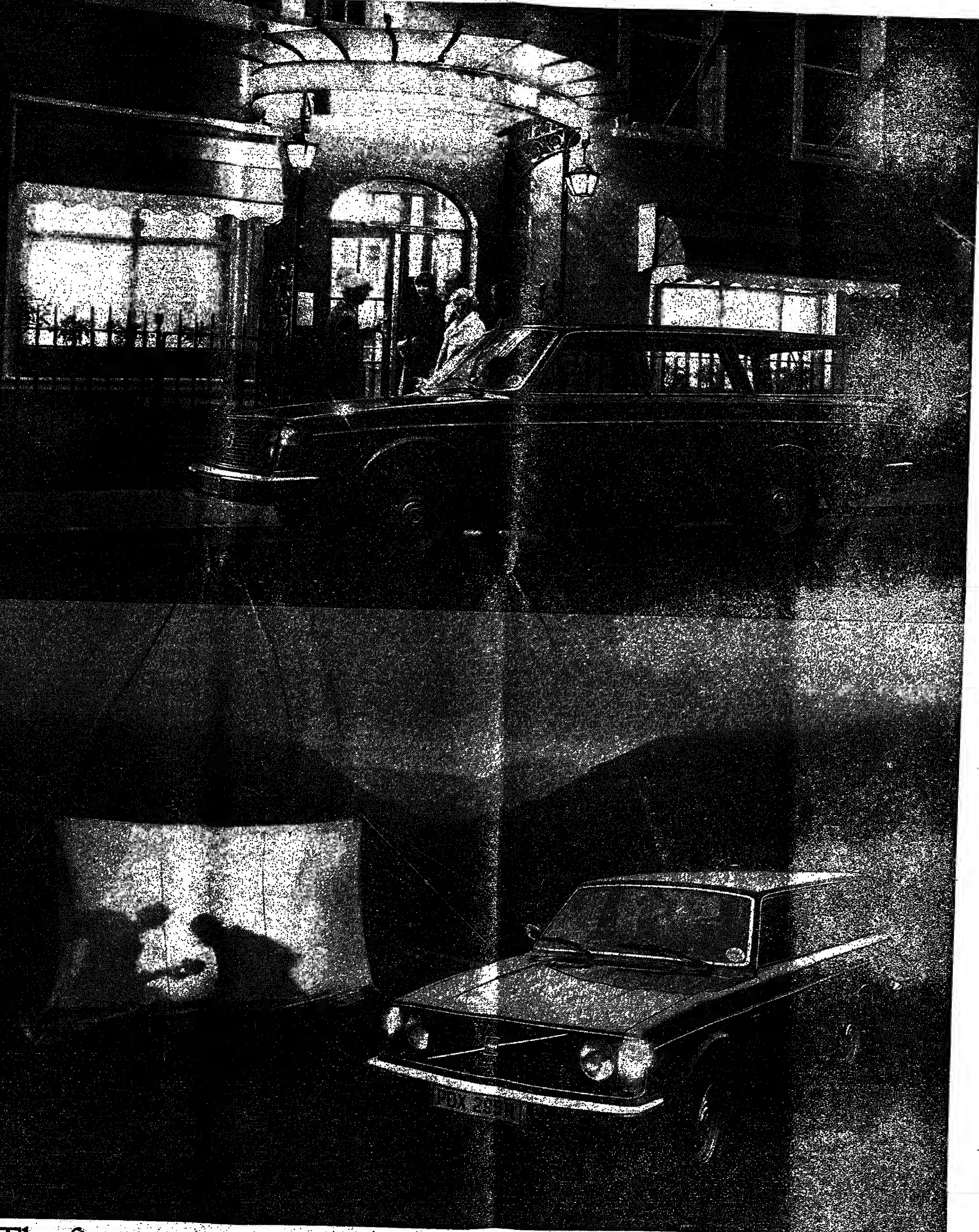
Addressing the Brazilian Chamber of Commerce in London, Mr. Dell said British industry missed its chance in the 1950s and 1960s.

Cool car comfort with an Alpine vehicle air conditioning system

Advertisement for Alpine vehicle air conditioning system, featuring a car and the Alpine logo. Text includes: 'If you're in the market for car air conditioning, it will pay you to consider an Alpine-Mark IV system. Alpine happens to be the leading vehicle air conditioning company catering specifically for all British and European cars and for good reason.'



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Economy heading in right direction—PM

BY JOHN HUNT, PARLIAMENTARY CORRESPONDENT

THE ECONOMIC indicators are now moving in the right direction, Mr. James Callaghan, Prime Minister, told the Commons yesterday in yet another cheerful assessment of Britain's prospects.

Mulley rejects demands to restore defence cuts

BY IVOR OWEN, PARLIAMENTARY STAFF

TORY DEMANDS that the £200m cut in the 1978-79 defence budget should be restored were rejected by Mr. Fred Mulley, Defence Secretary, in the Commons yesterday.

Government throws out Lords change to redundancy Bill

BY IVOR OWEN, PARLIAMENTARY STAFF

ATTEMPTS BY the House of Lords to limit the use of the powers in the Redundancy Bill to the management of the Redundancy Fund and to prevent them being employed for wider economic purposes were rejected by the Government in the Commons last night.

Steel backs small businesses

BY RICHARD EVANS, LOBBY EDITOR

MR. DAVID STEEL, the Liberal leader, sought to put more flesh on some of the policy commitments he is demanding from the Government when he called last night for the ending of discrimination against small businesses.

State sector changes advocated

BY RUPERT CORNWELL, LOBBY STAFF

SWEEPING CHANGES to give a "human face" to the State sector and bring it closer to the people it was designed to serve were advocated last night by a Government Minister, firmly identified with the Left-wing of the Labour Party.

Tory leader challenges over 'civil war' article

By John Hunt

AN ATTEMPT was made in the Commons yesterday by Mrs. Margaret Thatcher, Leader of the Opposition, to mount an attack on the Government over pro-Communist sentiments expressed by Mr. Sidney Bidwell (Lab., Southall) in an article in the Morning Star, the Communist newspaper.

Pressure for Drax decision

By John Hunt

THE PRIME MINISTER came under intense pressure in the Commons yesterday from his own backbenchers over delay in announcing Government decisions on the Drax B electricity generation station.

Pressure for Drax decision

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RAF record applauded

By John Hunt

THE RAF's record in intercepting unidentified aircraft approaching Western European airspace is a tribute to the professionalism of the men and the high quality of their equipment, Mr. James Welldon, Under Secretary for the RAF, said in the Commons yesterday.

Proposals on Lords procedure

BY JOHN HUNT

THE ESTABLISHMENT of a new system of committees to examine legislation in the House of Lords was advocated yesterday by Lord Shepherd, a Labour peer who is chairman of the Lords Committee of Practice and Procedure.

THE LIBERALS and the SAFFRON WALDEN BY-ELECTION The race for second place

BY RUPERT CORNWELL

WHEN THE TV crews batten singlemindedly on the two candidates in a by-election who are acknowledged to have no chance of winning it, something rather unusual is obviously going on. And that is exactly what is happening at Saffron Walden, which to-morrow is set to continue a tradition unbroken since 1921 of returning a Conservative MP to represent these rambling 400 square miles of lush Essex countryside.



Mr. Ben Stoneham, Labour.



Mr. Andrew Phillips, Liberal.

The lesser question which exercises the minds of politicians and pundits—though arguably not those of the constituency's 63,000 electors—is by just how much Mr. Alan Hazell will win. But what really fascinates them is to know how his Labour and Liberal rivals will fare in their battle for second place, hailed as the first genuine test of public opinion since that notorious Lib-Lab deal (or pact as it is properly known) was struck three and a half months ago.

Saffron Walden is the ideal litmus test. The seat, made vacant by the death of Sir Peter Kirk, is a text book example of the last Liberal revival. Helped by some boundary refiging, the party doubled its share of the poll to over 30 per cent between 1970 and 1974, relegating Labour to third place, and creating a combined anti-Conservative majority. It is the sort of place which, during a Tory Government had patch, the Liberals could even nurture hopes of capturing. The trouble is that this time, the litmus paper is turning blue.

his brief spell as Britain's most important Liberal, but nurses no illusions about his task: "Anyone can sloganise against the pact, but you can't sloganise for it. It's just too sophisticated a political idea to justify easily."

They just job bombs from here to another and make the problem worse. After that, it is not difficult to imagine how he was thrown out of the Labour party after a 1973 letter to The Times in which he described Mr. Anthony Wedgwood Benn's nationalisation plans as "matchless triumphalism... unvarying socialism, clichés dressed up as ideas."

Liberal ranks will slip back across the lines, and the only way he can fill these gaps is by attracting the tactical support of some traditional Labour voters.

Just whether this will happen is perhaps the most fascinating aspect of the contest—and the problems of prediction are amplified by the similarity of the Liberal and Labour candidates; it takes a pretty skilled eye these days to distinguish the Liberal Left from the Labour Right, and it is that latter part of the political spectrum which Mr. Ben Stoneham, the Labour candidate, unmistakably occupies.

EEC, although these days it tend not to talk about it much.

That reticence is more than compensated for by the late arrival on the Saffron Walden scene, the 66-year-old Mr. OH Smedley, who has sold his Stein piano for £1,200 to a the election on an anti-Mar platform. Judged by saloon grumbling last week, he or take votes from all his of nents, although probably enough to save him his dep Still.

Moving serenely above fray is the Tory, yet another moderate although he find no trouble to set himself from the others. Naturally, Haselhurst claims to a mass switching of tradit Liberals to his cause, in du at the parliamentary way dealing with the Govern and decides any chance of Liberals changing social wicked ways. A return to tives, a reduction in the of central government, an Grumwick law-and-order are the drums—he be although most of the tin appears to be preaching a converted.

At 40, Mr. Haselhurst already been to Westminster MP for Middleton and which between 1970 and hi row defeat in that Lane constituency in February. During his three year 4 for another seat he has a "public affairs consti and latterly personal as to Mr. James Prior, the employment spokesman.

The Tories chose their late, and Alan Hasel hustling energy is perfe covering the enormous ances of the constituency campaign reduced to three weeks.

His success is not in his; "I am not appointed if the Chagel share of the poll is no over 50 per cent. But the time since 1970.

Table with 2 columns: Candidate Name and Percentage. Includes P. M. Kirk (Con.) at 21.29% and F. P. D. Moore (Lab.) at 14.77%.

OCTOBER 1974 RESULTS: P. M. Kirk (Con.) 21.29% (43.7%), F. P. D. Moore (Lab.) 14.77% (28.2%), H. Green (Lab.) 12.62% (25.9%).

ENTERTAINMENT GUIDE

Large entertainment guide section containing theatre listings, cinema listings, and art gallery information. Includes titles like 'The Royal Opera', 'Theatre Royal', and 'Cinema'. Contains various showtimes and prices.



# The Management Page

pooling of several companies' skills has given them a lead in a new technology. By Rhys David.

## Measuring the future

**SHEFFIELD** hand-tool manufacturer, Moore and Wright, of the James Neill group, is about to launch what it claims to be the biggest development in precision measurement for 300 years—when the micrometer, now familiar in workshops all over the world, was itself introduced.

The story of how the development was managed is relevant to anyone trying to break out of his traditional product range into the complex world of high technology. Apart from requiring co-operation with a wide range of partner organisations all over the country, the process was risky in both technical and market terms.

The new product, which will cost about £500,000 to develop by the time it begins to be marketed, is an electronic micrometer—long seen as the next technological step in the evolution of band tools so it could be as revolutionary in its field as were electronic calipers as a replacement for the slide-rule.

Moore and Wright—already one of the world's biggest manufacturers of the conventional micrometer, which uses a new mechanism and calipers enable engineers to make readings of up to 1/10,000 of an inch—has come up with the new product, to be known as Micro 2000, through a combination of fortunate circumstances and a lot of hard work spread over four years.

Apart from being able to provide resources for development, the James Neill group was in an unusual position of having in its other subsidiary, R. A. Stephen, a specialist producer of radiation measuring devices, was drawn in to produce sub-assemblies to integrate the electronics with the optical components. Moore and Wright's own part is the production of the precision mechanical components of the Micro 2000, as well as final testing.



Moore and Wright's electronic digital micrometer at work

The sort of new technologically-based product which Moore & Wright needed to revitalise its image, and from this somewhat chance beginning the project moved forward.

"The specification we were given was to produce an instrument as accurate as the conventional one, and which would also be small enough for use as a hand tool and not too expensive," explains Patcentre's John Fisher, who headed the small multi-disciplinary team which worked on the project.

After an initial feasibility study, the Patcentre team was able to create fairly easily bench prototypes which met performance specifications, achieving the necessary read-down. It found that the most efficient means of producing the instrument meant bringing into play a subtle blend of resources.

Patcentre passed its custom-designed basic electronics system for the instrument to General Instrument Microelectronics, which is based in Scotland. GIM was commissioned to produce the integrated circuits, with help for part of the work from the Wolfson Microelectronics unit at Edinburgh University.

The James Neill subsidiary, R. A. Stephen, a specialist producer of radiation measuring devices, was drawn in to produce sub-assemblies to integrate the electronics with the optical components. Moore and Wright's own part is the production of the precision mechanical components of the Micro 2000, as well as final testing.

The result of all this effort is a handy sized micrometer costing around £125 compared with £25 for the conventional instrument, of extremely compact size. Its advantages include much quicker and easier operation. Objects inside difficult angles can also be measured.

Moore and Wright believes the addition of the electronic instrument to its product range will play an important part in gaining consumer acceptance in the somewhat conservative engineering industry, and plans are being made to produce a range of 7,000-12,000 units this year, depending on the speed with which component supply can be organised, building up to around 50,000 a year by next year. This

compara with an annual output of around 120,000 conventional micrometers, about one-quarter of which find their way to overseas markets.

Other producers may come up with similar products—perhaps undercutting Moore and Wright—but the company itself is confident that it has possibly a three to four year lead over most of its rivals. An American rival has been shown at exhibiting consumer acceptance in thought to be less well advanced.

Michael Mallett, James Neill's chief executive, also points out that other companies with such ambitions are unlikely to have the advantage of being able to draw on relevant engineering and electronic expertise inter-50,000 a year by next year. This

## Undercutting by competitors

Though to some extent the new instrument will be in competition with its conventional product, Moore and Wright sees the electronic micrometer as a spearhead which will help to increase sales of product generally in markets where penetration is currently limited. The company's strength has traditionally been in the old Commonwealth—a legacy of the common bond forged by imperial measures—but a strong drive for sales of the Micro 2000, which will be available in metric and imperial measures, is being made in Europe.

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## 65 PENSIONS and BENEFITS Clear criteria for investment

BY ERIC SHORT

THE WILSON Committee is at present considering the evidence presented by various financial institutions on the present methods of capital raising in this country and the financing of industry and commerce. The pensions industry has not yet published its evidence, which is a pity, since it is now the second largest source of long-term finance with a net annual cash flow of £1.5bn, which has to be invested. So it is perhaps opportune to stress the importance of investment in pension fund administration and more appreciation of the investment criteria concerned.

To understand the investment pattern needed, it is first necessary to consider the liabilities of pension schemes and how these build up. The concept of a pension scheme is comparatively straightforward. The employee and employer contribute a certain percentage of salary each year, which is invested. When the employee reaches retirement, the accumulated fund pays out the pension, each month until the employee and his wife are both dead. Since no one knows what level of pension will be paid or for how long, the actuary to the scheme has to make certain assumptions about rates of salary growth, the mortality of pensioners and the return that can be obtained on investments.

The need to match inflation over the long term makes equity and property investment a must for most pension funds. Since they are both based on real assets, their value should, in theory, appreciate as the value of the underlying assets increases with inflation. In practice, this does not happen so readily, but except for the past few years equity and property holdings have more than matched inflation.

Because of a misconception by the general public regarding pension fund investment in long, the actuary to the scheme has to make certain assumptions about rates of salary growth, the mortality of pensioners and the return that can be obtained on investments.

Thus the investment manager of a pension scheme has to invest to match salary inflation and to meet the interest rate assumed in the actuary's calculation. Failure to achieve these targets will result in the employer having to make additional topping-up contributions to maintain the solvency of the fund. The importance of investment can be gauged from the statistic that, for an average pension scheme, a one per cent increase in return over that assumed by the actuary will save at least 10 per cent on contributions.

## Topping-up contributions

The other point to remember is that contributions for an employee will be paid over a long period—as much as 40 years. In addition, the pension will be paid on average for at least another ten years. The term of the liabilities is 50 years and assets have to match this term. The pension fund manager has to take a very long view and short-term investments are not much more than passing interest to him.

The other important factor affecting pension scheme investment is that it is virtually tax free. Income and capital gains are therefore of equal value to investment managers, and so high yield stocks are relatively more attractive, since the price of capital gains is bid up by net investors.

Get the mix correct

Get the mix correct. Gil-Edged and other fixed-interest stocks play a much smaller part in pension scheme investment. Their very nature makes them unsuitable to cover the liabilities, under normal conditions. But present times are not normal, and the high yields available have meant that income growth from fixed interest stocks, taking into account reinvested income, has been much faster in recent years than it has been with equities.

The art of the investment manager is to get the mix between equities, property and fixed-interest correct so as to maximise long term returns. The strong positive cash flow enables him to change proportions very quickly simply by concentrating his new money in the required sector.

In theory a pension fund should be fully invested most of the time, unless the manager is waiting for bear market conditions to pass before re-entering the market. But in practice, the funds will always have a certain amount of cash laying about awaiting investment.

Much more attention is now being paid to investing this cash in the money market instead of leaving it in the bank, and this practice has proved to be profitable. One large pension scheme employed a money market fund, and found that, without disturbing the investment time-table, he could earn enough not to pay his salary but to cover the administration expenses of the whole pension scheme, thereby lifting one burden from the employer.

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We initiated this transaction and assisted Tidewater Marine Service, Inc. in the negotiations.

**BLYTH EASTMAN DILLON & CO.** INCORPORATED

July 6, 1977

## BUSINESS PROBLEMS BY OUR LEGAL STAFF

**Water charges**

Our company has annually paid rates for water and sewerage charges although we are not on main drains and we have noted a recent House of Lords ruling on this matter. Could you give us a reference in this ruling?

The case to which you refer is *Daymond v. Plymouth City Council* (1976) A.C. 639. However, legislation has now been introduced which alters the effect of that decision in part. See the Water Charges Act 1976.

**Charging order on shares**

Can you tell me how I can execute a judgment against a person whose only property is shares in a private company?

You can obtain a charging order on shares (with a view to having the court order a sale of the shares) which at the date of the balance sheet had a market value exceeding the net amount recoverable on the loan. The chairman of the company which advanced the loan (Company A) is a director of Company B. The securities held as security for the loan consist of Ordinary shares in Company A Ltd. Is it legal for the company to hold its own shares as security for the loan?

The securities may be held by A Ltd., but by trustees or nominees of A Ltd. If the loan is not repaid A Ltd. may then direct the trustees to sell the securities in the market. As A Ltd. need not at any stage be or become the holder of the securities there seems to be no reason why the transaction should not be capable of being validly carried through. The rule that a company may not hold shares in itself need not be infringed, nor is there necessarily an infringement of Section 54 of the Companies Act, 1948.

**Car mileage allowances**

Where car mileage is allowed as a business expense (on the basis that the taxpayer provides the car and discharges all costs) can you inform me as to the allowance per mile regarded as reasonable by the Inland Revenue? I have seen a figure of 10-12p according to size of car.

The figure you quote seems reasonable to us. However, dispensations are a matter for negotiation between an employer and his PAYE inspector, as explained in chapter 2 of Inland Revenue booklet 480. If you are concerned as (or on behalf of) an employer, the solution to your question is to have a chat with the tax office, armed with the facts and figures which are likely to be asked for. Cases are judged according to circumstances, and there is no simple rule of thumb.

Copies of booklet 480 (Notes on Expenses Payments, etc.) are obtainable from most tax offices, without charge.

No legal responsibility can be accepted by the Financial Times for the answers given in these columns. All inquiries will be answered by post as soon as possible.

June, 1977

This announcement appears as a matter of record only.

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Time expiring in Rhodesia

THE BREAKING AWAY of the right wing of Mr. Ian Smith's Rhodesia Front is not the first split that the Rhodesian Prime Minister has faced in his party.



Mr. Ian Smith (left) and Bishop Abel Muzorewa.

Time to do nothing

TO JUDGE from his comments in the House of Commons yesterday, the Prime Minister is lining up behind his Secretary of State for Industry, Mr. Eric Varley, in the controversy over the Drax B power station.

not prepared to take control of Parsons against the wishes of the workforce; he has offered to speak directly to the employees, but this has not been taken up.

Parsons is almost certainly not viable in the long term as an independent manufacturer of turbine generators for world markets.

Exchange rates and money supply

THERE are two points of particular interest in the banking figures. The first is that, although there was only a small and seasonal change in the level of deposits as a whole, there was an increase in sight and a drop in time deposits—the latter reflecting the strong competition for funds, especially from building societies, to which the clearers referred in their recent evidence to the Wilson Committee.

both surplus and deficit countries should allow exchange rates to play their appropriate role in the adjustment process.

The recent weakness of the dollar has been most marked against the Japanese yen. The background to this is that, at the end-June meeting of the Organisation for Economic Co-operation and Development, Mr. Healey's regular appeal that the surplus countries should push their economies into a faster rate of growth received some support from the Americans.

MEN AND MATTERS

Real life drama Bryan Cowgill's appointment as managing director of Thames TV at a salary of around £28,000 is a much-needed boost for Britain's biggest ITV company.

and production uncongenial: and though his Director of Programmes, Jeremy Isaacs, scored great successes, the programming area was still felt to be weak.

would doubtless consider the lack of a lift only right for those brought up to the rigours of service life; and there is a soldierly lack of clutter amid the light wood panelling and executive desks.

teachers, bankers or bricklayers, and not soldiers for 180 days a year (under the age of 38) or 70 days a year for those aged 38-50.

Casualties have increased sharply this year. In the first four years of the war (to December 1976), the security forces lost 220 men in action, but there have been a further 115 casualties in the first half of 1977.

Unimpressive leadership

There are three grave—if not fatal—shortcomings in the RAP approach. Its leadership is unimpressive, especially when ranked against a seasoned and ruthless political campaigner such as Ian Smith.

By TONY HAWKINS in Salisbury

violations continue. It is no coincidence that certain members of Cabinet, reportedly including Mr. van der Byl, are putting forward policies identical with those championed by the Rhodesian Action Party.

There is no metropolitan power—no France, no Britain, no Portugal, and no U.S. (as in South-East Asia)—to help foot the bill.

SHARE REGISTRATION

Is it turning your business into an archive?



Handling share registration yourselves sounds in theory, in practice, it can prove to be a time and money wasting headache.

NatWest Registrars Department National Westminster Bank Ltd. Registrars Department National Westminster Bank, 37 Broad Street, Bristol BS1.

loD frolics

The thought of a Carmen Miranda style frolic taking place under their own roof seemed to embarrass rather than elate the Institute of Directors yesterday.

Walker's way

Captain Sir Edward Walker would surely have approved of the new headquarters of the Corps of Commissionaires, which he founded in 1858.



Observer



# The great accounting row

BY MICHAEL LAFFERTY

DOUGLAS MORPETH is not a bad bloke. He just got himself on the wrong side of the inflation accounting debate. So says Mr. Martin Haslem, one of the two young chartered accountants who have led the rebellion within the accountancy profession against compulsory current cost accounting (CCA).

The success of the grass-roots revolt which he and his partner, Mr. David Keymer, have led is no longer in doubt. The Accounting Standards Committee (ASC) has already more or less agreed to drop the existing CCA proposals prepared by Mr. Keymer's Inflation Accounting Steering Group, and the committee is far from keen about bringing any new ideas for the time to come.

accounting system as the main form of presenting company changes before publishing the exposure draft under its name. The Morpeth schedule no longer applies. However, it remains to be seen whether the ASC and the Stock Exchange can come up quickly with some acceptable formula to require at least the largest quoted companies to start making basic disclosures on a CCA basis in notes to their accounts.

Those most closely involved in the debate identify many factors, ranging from inadequate field-testing of the initial proposals, to ineffective vetting of ED 18 by the Accounting Standards Committee, before publication, to poor handling of the debate during the discussion period. In retrospect, however, the tale amounts to an experiment which the profession could well have done without, and which might possibly have been able to avoid.

Indeed the ASC made very few changes before publishing the exposure draft under its name. "We should have stopped it but we didn't. We are as much to blame as the steering group," commented a disappointed ASC member last week.

The almost universal outcry against the complexity, subjectivity, and the highly ambitious time-table of ED 18 casts doubt on the usefulness of the elaborate field-testing procedures which the Morpeth Steering Group carried out before finalising its draft. It may have been, as one accountant suggested, that the questionnaire method used was not the most appropriate for such an exercise.

Although the ASC was no doubt convinced that the practicality of ED 18 had been fully tested by the Steering Group, some of its leading members were accepting that they had got it "horribly wrong" within two months of the start of the six-month discussion period. They predicted, accurately as it turned out, that CCA would not be implemented in anything like the form of ED 18, and then that it would only be supplementary to historic accounts.

Naturally, Mr. Morpeth disagreed and in an article published in the Financial Times on February 17 he described such suggestions as "an extraordinary rumour."

He declared: "How can we retain our credibility as a profession, if we continue to press misleading accounts for a like they did, Mr. Haslem and Mr. Keymer wrote to the Morpeth group setting out their fears, and suggesting that the profession ought to have a



Opponents of CCA: David Keymer and Martin Haslem work from the office over the Burgess Hill travel agency in the background.

Meeting

The Haslem and Keymer rebellion will reach its climax at a special meeting at the English Institute of Chartered Accountants' London headquarters on Monday the "rebels" had a majority of some 2,000 proxies supporting their motion that the CCA should be merely voluntary out of the 28,000-vote vote. It is unlikely that this motion will alter very much in the final count is taken at the special meeting.

If their motion is carried, Mr. Haslem and David Keymer say that the English Institute—Britain's most powerful influential accounting body—will not be able to endorse a form of compulsory CCA, Britain would have a

**Fait accompli**

First, it could easily be argued that the organisations responsible for handling the matter did not do their job properly. After all, the Morpeth steering group was supposed to be a sub-committee of the Accounting Standards Committee, but in fact it behaved very much as if it were the Standards Committee itself, instead of having its proposals taken over by the ASC and subjected, like any other accounting standard, to rigorous analysis and widespread consultation throughout the whole of help."

However, while Mr. Morpeth was striving to protect his ex-

**Lecturing**

Before long this alleged lecturing, and the manner in which Mr. Morpeth became increasingly identified with ED 18 in many critics' minds, became yet another feature in the debate.

The damage had probably been done by the time, in mid-March, when Mr. Morpeth was prepared to admit that ED 18 would probably be simplified in several respects. One area where he accepted that there would be a need for "greater simplification" was the method for dealing with smaller businesses.

A few weeks before his statement the two Burgess Hill accountants, Mr. Haslem and Mr. Keymer, went on one of the Institute of Chartered Accountants' courses to bear more about CCA.

Believing that many other accountants on the course felt like they did, Mr. Haslem and Mr. Keymer wrote to the Morpeth group setting out their fears, and suggesting that the profession ought to have a

## TV licence costs

**in the Marketing Director.**

Mr. Reports (June 9) that commercial-TV plans for "break-viewing" have been shelved. The seemingly abrupt reversal of the experiment in the nine and Tyne areas is sometimes as low as 200 are alleged, should not be a surprise. Yes, it is a new one pastime, and rightly nothing gives better value money, but against all odds to the contrary, I believe it is infinitely more choosy, certainly less inclined to trivialisations than our vicarious cousins for whom st round the clock programmes are commonplace.

When my company recently conducted a definitive survey into viewers' viewing habits and viewers if they would cut in TV hours on all days, this would stop the fee going up, there was a 96 per cent of those asked. When asked at what of the day they would say a two hour cut to the licence fee steady, 23 per cent opted for "late night," after 11.00 p.m., 22 per cent for "before noon" and 21 per cent for the afternoon. A 16 per cent said they accept cuts between 6.00 and 11.00 p.m. if this would work.

Through the vote obviously that viewers feel they are being asked to do anything rather than ore for a licence. I believe reflects the fact that they quality to quantify in their times. A constant diet of a second rate ideas, old and factory belt American series are obviously taking ill. Except for rare occasions like Jubilee Day there must limit to the hours during genuine peak viewing can act and it may be that, as would rather have really class programmes over a period than have them widely and interspersed at second rate. If this for the commercial connection that the Government sanction a slight increase arising time allowed per compensate for any loss of programme hours. I believe I would accept this readily as to an end.

Neill, 49, News Road, Cambridge.

## Letters to the Editor

**Industry, "Justice," the TUC, the CBI, professional bodies and many others.**

At our first meeting we agreed that we had all been appointed to the Commission as individuals, not as representatives of any particular body or organisation, and that, as commissioners, we had to exercise an independent attitude and adopt an impartial approach to the evidence submitted to us. Commissioners undertake not to involve themselves in the formulation of evidence. The fact that evidence (whether critical or commendatory) is given by an organisation with which a commissioner is connected, is no indication of bias and is sound for saying that the position of that commissioner is untenable (as I understand the chairman of the BIA accepts) there is no doubt as to his or her objectivity.

Henry Benson, New Court, 48, Carey Street, W.C.2.

## Wider world to conquer

**From Mr. H. Cooper.**

Sir—Most of the arguments trotted through the City, and expounded in dismal detail through your columns, regarding the threatened intrusion of a more realistic form of accounting, current cost or not, appear to overlook both a basic fact of business life and a grim possibility.

The fact is that historical cost accounting, as a means of disseminating financially acceptable information has been officially dead for some 70 years (for the New York notice see Foster v. The New Trinidad Lake Asphalt Company 1900). The subsequent continuing use of this convention is little more than depressing evidence of the inability of the various accounting bodies, either to accept as fact the demise or to discover an acceptable alternative. This despite the general agreement within the profession that published accounts are virtually meaningless and that no management team in its right mind would ever dream of basing policy decisions upon them.

The grim possibility lies in the disquieting thought that "real accounts" would, by severely reducing apparent returns being made on capital invested, punch such holes in the credibility of so many leading manufacturing companies that a vast section of the stock market might collapse in panic. It is undeniable that the old version of British Leyland was kept alive artificially by historical accounting long after its cash flow position had killed it stone dead.

If no other plea will move those awful barriers to change erected by tradition can it not be pointed out to the captains of our industry that the anticipated onslaught by wage hungry trade unions is likely to be far more effectively met, and dispersed by the presentation of figures based not, as in the past, on historical fantasy, but on cold hard fact.

Michael Greener, 9 Rosedale Park, Barby, S. Glas.

## Access to databases

**From the Director of Public Relations, The Post Office.**

Sir—Your "Europe is a tough nut" article (June 28) is wrong to suggest the European Space Agency database at Frascati in Italy may now be accessed from the U.K. only by a illegal route through Paris. A perfectly legitimate route is available through the Technology Reports Centre, Orpington, and thence by direct circuit to Frascati.

Your writer is also wrong to imply that the Post Office has concentrated on providing U.K. customers with access to U.S. databases at the expense of a similar service to Europe. On the contrary, the Post Office has been working for more than two years on Europe—an EEC communications network designed specifically to provide all nine countries of the Community with access to databases in Europe. It will provide wide access to European host computers and databases—including the Space Agency database at Frascati.

Of course, the Post Office realises that private circuits have been used to access databases overseas—a use that is contrary to international regulations. The Post Office also recognises that this indicates a demand for a properly organised service. To meet this we started a trial database access service in America at the beginning of the year. This is the first such international service outside North America.

While providing access inter-

## Lessons of Grunwick

**From Mr. I. Macbeth.**

Sir—Mr. Newbury, whose letter you printed on June 29, is right in part. His letter was shorter than mine. This is not always a virtue. Let me explain. A pin came loose in a toy. A piece of mine whacked it with a hammer, missing the pin and breaking another bit. She gave a view of the matter in five words which was just as lucid as Mr. Newbury's 80 words about the Grunwick dispute: "I was only mending it." Just as useless too, of course—but then, she was only seven.

We might have called her silly, taken the toy away, or even smacked her. The result would not have concerned a broken toy, I suppose; they would have been matters of power, and order, and all these other abstract adornments of Mr. Newbury's limited vocabulary.

Using a lot of words, a lot of patience and a lot of time, we managed to mend the toy, increase her understanding and make her feel better. She had been very worked up, and was convinced that the toy was in the wrong. No other child was involved, fortunately, let alone any slogan-encrusted "grow-up."

All the same, didn't we do well? In the same, didn't we do well? Professor of Industrial Relations, London Graduate School of Business Studies, 11, Broad Street, Aylesford, Surrey.

## Unions for managers

**From the Executive Secretary, Association of Professional Scientists and Technologists.**

Sir—I cannot let the inference made by Mr. John Lyons (July 2) pass without comment. He claims that Engineers' and Managers' Association "represents engineers and managers in industry at large."

Representation depends on the recognition agreement between the union and the employer of its members and so it is undoubtedly true that E.M.A. presents managers in the electrical supply industry. Nevertheless, I believe that

## GENERAL Transport and General Workers' Unions conference

debates future of pay policy and social contract, Douglas, Isle of Man.

Special meeting of Institute of Chartered Accountants considers motion that current cost accounting should not be made compulsory.

National Economic Development Council meets.

International Monetary Fund monthly Gold auction, Washington.

European Parliament in session, Luxembourg.

North-East Atlantic Fisheries Commission, annual meeting, London (until July 12).

Representatives of British, Guatemalan and Belize meet in Agricultural Centre, Kenilworth.

## To-day's Events

(4.15 p.m., room 16), COMPANY RESULTS Rothmans International (full year).

COMPANY MEETINGS Ash Spinning, Oldham, 10.30. Brownlee, Glasgow, 12. Canadian and Foreign Investment Trust, 2. Bishopscote, E.C., 11.30. Cator Ryder, 1. King William Street, 12.30. Dunvest, 117, Old Broad Street, E.C., 12. Feedex, Burwick, 8. Fidelity Radio, Great Eastern Hotel, E.C., 12. Gough Bros., Mitcham, Surrey, 11. Heath (C. E.), 14-20, St. Mary Axe, E.C., 12. London Trust, 44. Bloomsbury Square, W.C., 12. Sainsbury (J.), Connaught Rooms, W.C., 12. Siemens Hunter, Great Eastern Hotel, E.C., 12. Willis (George), Epworth House, E.C., 11.15.

PARLIAMENTARY BUSINESS House of Commons: European Assembly Elections Bill, second reading.

House of Lords: Debates on problems of hospital service and medical centres; and on what action Government proposes on decisions of Commonwealth Prime Ministers' Conference.

Select Committees: Nationalised Industries (sub-committee C). Subject: Regional Water Authorities. Witnesses: Yorkshire Water Authority and Welsh National Water Development Authority (4 p.m., room 8).

Legislative Committee. Subject: EEC Budget. Witnesses: Mr. Joel Barnett, Chief Secretary, Treasury 11.15.

# LEADING QUESTION

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## Legal Services

**Commission**

Mr Henry Benson, Legal Commission on Services.

The chairman of the Legal Association (July issues) the fact that two of this Commission will provide access to members of organisations which have submitted databases—hosting the Space Agency database at Frascati.

It is misconceived. It is a body of this knowledge and expertise matters within its remit. That some members Commission will belong organisations who have e to submit. Apart from users Association and gal Action Group, such include the Senate of the Court and the Bar, the Bar Association, Commerce, Finance and

West Strars Dep



# COMPANY NEWS + COMMENT

# ISSUE NEWS AND COMMENT

## J. B. Eastwood advances to peak £8.84m

Farmers and builders, J. B. Eastwood reports record pre-tax profits of £8.84m for the 33 weeks ended April 1, 1977 compared with £7m for the previous year, on turnover ahead from £118.38m to £124.7m.

The directors stated that on current trends they expect similar profits for 1977/78. Earnings per 5p share are stated as 34.50p against 28.30p and the dividend is lifted to 3.86p (3.435p) with a final of 2.595p net.

1976-77	1975-76
Turnover	£118,380,000
Pre-tax profit	£7,000,000
Profit after tax	£5,200,000
Dividends	£3,435,000
Retained	£1,765,000

### comment

The stock market has not forgiven J. B. Eastwood for the loss made in 1974-75—the company is still regarded as too cyclical for comfort. But two developments in recent years have helped to increase profits and give Eastwood a more stable base. The modernisation programme on the egg side (now three-quarters completed) has already improved trading profit, and in a full year the benefit could be about £5m less related financing charge of probably £1.5m, per annum or less. Meanwhile the hollower industry has "come of age" which is a polite way of saying that, after some nasty experiences when individual producers increased capacity and thus glutted the market, the industry now looks after itself and the boat is no longer rocked. Whether the consumer gains is a moot point but the shareholders certainly do. Of course the profits of Eastwood still depend greatly on gyrating costs and prices but the p/e ratio of 2 on the shares at 74p is too cautious. The yield is 8.2 per cent.

## Rexmore achieving targets

TURNOVER of Rexmore dropped from £88.17m to £81.83m for the year to March 31, 1977, and pre-tax profit was £1.31m, compared with £1.41m.

Taking into account the disposal of Unerman (Holdings), which was sold on September 8, 1976, and the exclusion from turnover figure in 1976 of Newage Kitchens (Holdings), now an associate, sales rose from £23.77m to £28.45m.

Profit included in respect of Unerman in 1976-77 was £0.27m.

### INDEX TO COMPANY HIGHLIGHTS

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Extel	18	1	U.K.O. International	19	2
Fox's Biscuits	18	1	Williams (W.)	19	4

(£0.78m) — excluding Unerman profit of the retained group increased by 67 per cent.

The directors report that the targets and aims set out in previous years are now being achieved. Current turnover is in excess of the previous year. Stated earnings per 25p share are up from 8.1p to 14.1p—dividend total is up from 3.6025p to 3.825p net, with a final of 2.75p.

Deferred tax of £13,000 has not been provided, as the directors believe that the existing provisions are sufficient. If no deferred tax had been provided in 1975-76, the earnings per share would have been 7.5p.

At half-year profit was up from £0.54m to £0.8m. The company operates as converters of textiles and P.V.C. products.

With two years of trimming and reorganisation behind it, Rexmore is now looking much healthier. Borrowings at the year end were only 77 per cent of shareholders' funds compared with 130 per cent. previously. Profits prospects, while undeniably gloomy for the home furniture market, are brightened by expectations of £250,000 profits from the newly acquired textile importers, J. Rosenthal, and by further growth from exports. The company is looking for profits of £1.5m this year despite the poor operating climate. On a full tax charge this would give a prospective p/e of under 6 at 31p, while the yield is well into double figures.

## Ropner reaches £2.8m.

CONTRARY to the forecast of a slight decrease on the first half, second half pre-tax profit of Ropner Holdings advanced from £0.84m to £1.53m, to end the year to March 31, 1977 up from £1.77m to a record £2.8m.

Stated earnings per 25p share are ahead from 8.5p to 8.5p and the net final dividend is 0.835p for a total of 1.9075p (1.7342p).

1976-77	1975-76
Turnover	£1,320,000
Pre-tax profit	£1,300,000
Taxation	£450,000
Net profit	£850,000
Minority int.	£45,000
Increased credits	£84,000
Dividends	£23,000
Retained	£1,267,000

On the trading front the pattern of the first half at Ropner has been continued with engineering and insurance broking performing well. But a new encouraging development is the 15-year charter with the British Steel Corporation for the 116,000 bulk carrier which was delivered yesterday. So exposure to any

further deterioration in the shipping market is now strictly limited. At 45p, the shares yield 1 per cent on a p/e of 4.8.

## Reardon Smith in profit

The estimate of a £0.63m pre-tax loss at Reardon Smith Line for the year ended March 31, 1977 turns out to be a profit of £0.5m, compared with £4.65m.

Mr. C. R. Chatterton, chairman, explains that costings were based on inflationary trends of the past, whereas the new method of plant maintenance and organisation, which resulted in a substantial reduction in certain areas of operating costs, has made a large contribution.

The system has now been taken a stage further by the placing of greater responsibility on ship's staffs for managerial control. This additional participation has been welcomed and its success is supported by the benefits obtained in the past 12 months. Additionally, the company was in a position, both in its tanker and bulk carrier operations, to take advantage of better freight rates than had been estimated for the latter part of the year.

Stated earnings per 50p share are 7p (24p) and the dividend total is 1.825p (2.7425p) with a net of 0.8125p, as known.

Mr. Chatterton says that in the present state of recession and over-topping in the world, it cannot be anticipated, in the short-term, that there will be more than a temporary improvement in the trade.

## McKechnie Brothers raises £4.12m.

McKechnie Brothers announces that it has decided to raise £4.12m by the issue of 2,725,000 Ordinary shares by way of rights.

Holdings of Ordinary shares and Loan Stock on the register on June 24, will be offered one new 25p share for every six shares and one new 25p share for every six Loan Stock Unit of 60p held. The issue price is 68p per share payable in full on acceptance not later than July 28.

It is one of the principal policies of the directors that McKechnie should consistently maintain a strong financial position. In recent years this policy has enabled the group to meet volatile working capital requirements and also to take advantage of opportunities as they have arisen, such as the recent acquisition, for cash, of Ideal Casements (Reading) and Derwent Industrial Plastics.

The proceeds of the issue not absorbed by further acquisitions will go initially to reduce short-term borrowings and will to due course contribute to the financing of an increased U.K. capital expenditure programme, which is planned for the next financial year. Following the issue, the group will be well placed to meet additional working capital requirements.

The company's statement for the half year ended January 31, 1977, showed profit before tax of £5.3m, and attributable earnings of £3.2m. Then the company expected the hope that the group would maintain the levels of turnover, profits and earnings in the second half of its financial year to July 31, 1977. The directors now forecast that the pre-tax profit will be not less than £13.6m, and earnings will be £6.1m.

It is the intention of the company to recommend the payment of a final dividend of 3.375p per Ordinary share (£1.825p gross) on the increased share capital in respect of the year ending July 31, 1977. The total net dividend for the year to July 31, 1977 will therefore amount to £2.75p per share, which compares with 2.5p. The Treasury has consented to this increase.

Arrangements are in hand for the issue to be underwritten by McKechnie Brothers and Co. The brokers to the issue are Cazenove. It is expected that dealings in the new shares will commence on Friday.

The need for shareholders to stump up £4.1m for McKechnie does not seem very pressing. The gearing ratio at present is apparently only 40 per cent, and going down. The main basis for obtain-

ing the money seems to be that the price of copper is volatile but that looks a bit weak the day after it has hit a new low for the year. Nevertheless, since a yield of 11 per cent is offered on the new money, the issue will doubtless succeed.

## Water issues

The Bournemouth and District Water Company's offer for sale by tender of £1m of 8 per cent Redeemable Preference Stock 1982 attracted applications for £2,313,900 of stock.

The lowest price to receive a partial allotment was 59.02 per cent, against a minimum tender price of 59 per cent. The average price was 59.12 per cent. Dealings in the stock will start to-day. Brokers to the issue were Seymour Pierce.

### LOCAL LOANS

The coupon rate on this week's batch of local authority sterling bonds is 9 1/2 per cent, issued at 100p. Last week there was a 10 per cent coupon at par.

The issues are: Bolton Metropolitan Borough Council (£1m), Cambridge City Council (£1m), Borough of Poole (£1m), St. Albans City Council (£1m), Borough of Sunderland (£1m), City of Kingston-upon-Hull (£1m), Tendring District Council (£1m), City of Glasgow District Council (£1m), Hampshire County Council (£1m), Strathclyde Regional Council (£1m), Gwynedd County Council (£1m), Suffolk County Council (£1m), City of Wakefield (£1m), Royal Borough of Windsor and Maidenhead (£1m), Stockton-on-Tees Borough Council (£1m).

Great Yarmouth Borough Council has raised £1m and Shepway District Council has raised £1m by the issue of 11 1/2 per cent Bonds due on July 4, 1978 at par. Oxford City Council has raised £1m, Basildon District Council £1m, and St. Helens Metropolitan Borough Council £1m by the issue of 12 1/2 per cent Bonds due July 2, 1980 at par.



Sir Charles Forté, chief executive of Trust Houses Forte where there was an upsurge in taxable profits from £2.2 to £10.4m for the six months to April 30, 1977.

### DIVIDENDS ANNOUNCED

Company	Current payment	Date of payment	Corre. of sp. div.	Total for year
Attock Pet.	14.2	Jan. 12	4.2	14.2
Bath and Portland	1.5	Aug. 19	1.5	3.0
J. B. Eastwood	2.6	Aug. 19	2.20	3.88
General Electric	1.78	Oct. 1	1.62	3.6
Glass Glover	0.24	Oct. 1	0.22	—
J. and H. B. Jackson	10.41	Aug. 10	0.53	—
Lincroft Kilgour	1.51	Sept. 14	1.19	3.85
Rexmore	2.75	Sept. 2	2.5	3.85
Ropner	0.95	Oct. 3	0.83	1.81
Trust House Forte	2.25	Oct. 3	1.75	—
G. H. Downing	5.72	—	5.29	10.22

## Burnley places £2m.

In a very unusual move the Borough of Burnley is issuing £2m of 13 per cent Redeemable Stock 1987 at 97 1/2 per cent, by way of a placing. The brokers de Zoete and Bevan say this is the first time that they can trace a local authority which has arranged a placing in the corporation market for the past 20 years. The last one is believed to be Newcastle upon Tyne in 1956.

Interest on the stock will be payable on June 1 and December 1 with the first payment of £3.141 per cent, due next December. The stock is redeemable on June 1, 1987 at par.

The placing price is payable as to £11 per cent, on application, 50 per cent, on August 18 and 47 1/2 per cent, on September 29. Dealings in the new stock start on Friday.

Burnley is making a very small issue, just £2m, and apart from the novelty aspect of the placing the main feature is the stock's date. This is the first time that a corporation stock issue has strayed beyond 1985 for a very long time, and that in itself should create plenty of demand. Certainly it will be the only high coupon stock in that area, and this may well offset the 0.8125 per cent, running and 13.464 per cent, initial cost of the annual dividend which is a lot away against the recent Birmingham issue which is offering a redemption yield of 13.3 per cent on a date two months shorter. That fact alone probably keep dealing price to near the placing price. Prospectus Page 21

### TRANSPARENT PAPER—90%

Transparent Paper's rights issue on the basis of four-for-three at 55p has been up as to 89.71 per cent. I'maining 187,118 shares have sold in the market and the net proceeds which amount to 7,629,300 per share will be distributed to non-accepting holders.

King & Shaws Limited  
52 Cornhill EC3 9PD  
City Edged Portfolio Manager  
Service Index 5.3/77  
Portfolio 1 Income Offer 84  
Portfolio 2 Capital Offer 84

### THE NEW THROUGH TRUST LTD.

Capital Loan Stock Value 5th July, 1977  
The Net Asset Value per Capital Loan Stock is 50p  
Securities valued at middle market prices

# Extel's improved results

- Group profit in the year to 31st March, 1977 increased by 16% over 1976 with turnover some 15% higher.
- The loss, through bad weather, of 110 race meetings put bookmakers' margins under severe pressure and the number taking the Racing News Service declined. However Extel-PA Show, the visual display service, made its first expected contribution to profits.
- A new trial 'phone-in' general sports information service 'Telesport' was launched in the Manchester area.
- Extel Statistical Services achieved record turnover and jointly with Extel Computing introduced EXSTAT, a computerised company information service.
- Extel Computing's services continue to be developed. A new tax service for accountants—TRIPOS—has made a promising start.
- Both Extel Advertising & PR Services and the Engineering Division showed higher profits.
- A new range of telephone communications products by Robophone is expected to generate substantially increased profits.
- The Burrup, Mathieson printing group finished strongly after a year of fluctuating fortunes. Despite a delay the advance into computer-assisted phototypesetting is well under way.
- The group is ahead of its targets in the first two months of the current year and progress should be maintained.

	1977	1976	1975
Turnover	£17,586	£15,569	£12,443
Profit before taxation	1,763	1,513	984
Profit after taxation	903	724	487*
Dividend per share	4.8p	4.4p	4.1p
Earnings per share	10.2p	8.2p	5.5p*

\* Before charging an extraordinary item of £176,000 after taxation.

The Exchange Telegraph Company (Holdings) Ltd.  
Extel House, East Harding Street, London EC4P 4HB

# Extel GROUP

SPORTING AND FINANCIAL NEWS SERVICES,  
ENGINEERING SERVICES, PRINTING,  
ADVERTISING & PUBLIC RELATIONS,  
TELEPHONE COMMUNICATIONS SYSTEMS.

## Target Life new business

Target Life Assurance a subsidiary of Dawday Day, announces record new business for the year ending June 30, 1977. Single premium business rose by 162 per cent to £27.4m from £10.5m, while new annual premiums were 47 per cent higher at £32.2m against £21.7m. New sums assured rose by 54 per cent to £211.4m. There was a 100 per cent increase in the largest since the company was founded seven years ago.

Mr. Paul Seymour, the actuary for Target Life stated yesterday that these record results had greatly increased the financial strength of the company. He was pleased with the mix of single and annual premium business—single premiums generated early profit which help to finance the initial costs of the annual premium business, which in turn was essential to the long term stability of the company.

Target Life is offering a very small issue, just £2m, and apart from the novelty aspect of the placing the main feature is the stock's date. This is the first time that a corporation stock issue has strayed beyond 1985 for a very long time, and that in itself should create plenty of demand. Certainly it will be the only high coupon stock in that area, and this may well offset the 0.8125 per cent, running and 13.464 per cent, initial cost of the annual dividend which is a lot away against the recent Birmingham issue which is offering a redemption yield of 13.3 per cent on a date two months shorter. That fact alone probably keep dealing price to near the placing price. Prospectus Page 21

# ajb

## Associated Japanese Bank (International) Limited

Providing a full range of

Short, Medium and Long Term Credits  
Eurocurrency Deposit and Foreign Exchange Dealing  
Underwriting and Distribution of Securities

A J B is an international consortium bank of leading Japanese banks and investment banking house.

Shareholders  
The Sanwa Bank Limited  
The Mitsui Bank Limited  
The Dai-ichi Kangyo Bank Limited  
The Nomura Securities Co., Ltd.

29-30 Cornhill, London EC3V 3QA  
Telephone: 01-623 5661 Telex: 883661







# THF surges ahead to top £10m. after six months

Turnover for the twelve months was up from £10.85m to £12.34m and profit £355,000 (£409,000). As already announced the total net dividend is 7.7p (1.8952p).

The interim dividend is stepped up from 1.75p to 2.25p net. Last year's total payment was 7.25p from profits of £25.6m.

First half turnover rose from £18.7m to £27.3m, finance charges amounted to £3.8m (£3.5m) and minorities £100,000 (£91,000).

Figures include profits of Lyons and Knott Hotels from the date of acquisition, and are after charging depreciation of £8.5m (£8m) but before tax and exchange differences.

Lord Thorneycroft, chairman, points out that most of group's profit was earned during the second half-year. The results to date are most satisfactory and the directors look forward to another successful year.

The company has disposed of its interest in Joseph Terry and Sons and in the Thorneycroft Group. This proceeds from these transactions (£21.7m) have further strengthened the group's liquidity.

See Lex

## Assam Trading near £2m.

WITH ITS main source of income McLeod Russel and Company—now a 35.61 per cent owned associate—achieving record profits for 1976/77, Assam Trading Holdings' net profit estimated tax free at £1,987,000 for the year to March 31, 1977.

McLeod Russel, formerly 63.42 per cent held, ceased to be a subsidiary on March 31, 1977. On March 28 this year, the associate announced a jump in profit from £2.4m to an estimated £5.69m for the year ended March 31, 1977.

This company owns and operates tea estates in India and Ethiopia, and warehousing facilities at Avonmouth.

After providing £17,640 (same for 'A' stock dividend, but before making any adjustments for extraordinary items in respect of the attributable profit from McLeod Russel, estimated earnings per £1 ordinary share of Assam Trading is 2.25p (2.25p). A maximum permitted dividend of 2.25p will be paid in due course.

Table with 2 columns: 1976-77, 1975-76. Rows include Trading profit, Share income, Pre-tax profit, Tax, Group income, Assocs. U.K., Assocs. India, Net profit, Dividend, Reserves, and other income.

## De La Rue spending plans

CAPITAL commitments at the De La Rue Company amounted to £7m at March 31 including £4.97m already contracted. This compares with £4.48m and £1.3m respectively last years for the year ending March 31, 1977 show that during the year the company invested £3m in land, buildings, plant and equipment.

The chairman contrasts RRM capital expenditure programme which in his Board's view would require substantial finance with that of today's which was completed in 1974 and would stand the company in good stead for the next two or three years.

# BIDS AND DEALS

## Fodens rejects new offer

Giving a firm thumbs down to the Rolls-Royce money increased £11m bid for Fodens, Mr. Leslie Tolley, chairman of Fodens, says that RRM "seriously misjudged the recovery of your company and is continuing to do so."

To back this up the Board of Fodens is forecasting 47 per cent jump in pre-tax profits for 1977-78 of £2.5m compared with the £1.7m just estimated for the year ended April, 1977, and a further sharp one-third uplift in dividends to 5p gross a share (£2.5p net).

Mr. Tolley writes in a letter to shareholders that Fodens new Subject matter heavy tippers and tractor and other equipment received. Substantial deliveries have been made and within the last four weeks orders have been received totalling almost £24m. Ministry of Defence contracts worth £7m have been secured for a new type of military vehicle.

The chairman contrasts RRM capital expenditure programme which in his Board's view would require substantial finance with that of today's which was completed in 1974 and would stand the company in good stead for the next two or three years.

Fodens has countered a Rolls-Royce's increased bid by forecasting a 47 per cent jump in profit for the current year having a prospective p/e of 3.2 at yesterday's closing price of 48p. The dividend is also in line for a rise—up by a third—a year yield of 10.4 per cent. The company is just the start, according to the Fodens management, and they still look to 1978-79 for a further dramatic improvement in profits.

The forecast seems to be based on £2.5m compared with the £1.7m on turnover up at £20.96m (£15.30m). The net dividend is lifted to 3.4125p (2.324p) per 25p share.

An analysis of turnover and trading profit by activity shows advertising and marketing companies £15.17m (£12.33m), and £0.45m (£0.22m), and distribution and manufacturing companies £5.33m (£4.22m) and £0.23m (£0.17m).

The chairman says that the London advertising agency, on which a considerable sum has been spent for new equipment and refurbishment, made steady progress. Performance of the regional agencies was also good.

Circular Distributors has come back to a complete recovery after years of difficult trade conditions. The public relations company Leeson had a good year with record profit.

At the year end working capital showed a rise of £0.81m (£0.22m). Future capital spending amounted to £0.13m (£0.22m) of which contracts for £20,904 (£5,422) have been placed.

A professional valuation of freehold interests in land and buildings at April, 1977, showed an excess of £0.45m over the book value of £0.66m.

Meeting, Brunning House, 2, July 27 at 12.15 p.m.

The profits performance was satisfied in 1976 when Carlton made pre-tax profits of £1.7m. Lex will enter into a 20-year agreement under which it will accept a bid for £2.5m from Mr. Trevor Chinn, chairman of Lex, said yesterday.

This would have been in the range of £500,000 to £750,000 on the basis of the current year's substantially improved performance.

This management contract was apparently a crucial factor in the deal for both sides. The price paid per room—approaching £50,000—is high in relation to that paid for other hotels in the area.

Lex's relatively highly geared balance sheet will benefit from the cash which it will receive in the equity which stood at £34m before goodwill of £17.3m, on January 2 ahead of a £44m rights issue, and remove £11m in the first instance from borrowings which in January stood at £50m.

Lex has agreed to repay £5m of debt currently secured on the hotel.

The agreement is subject to certain conditions being obtained including that of the Treasury.

LONDON & ABERDEEN TO GO INTO LIQUIDATION

London and Aberdeen Investment Trust capitalised at £20.5m has decided to go into voluntary liquidation. The Board has decided to go into voluntary liquidation on May 25 that the Board was considering whether it was in the interest of shareholders to hold their investment in its present form.

L and A is unusual in that over 70 per cent of its gross assets are in the Stockholders Investment

# MINING NEWS

## ERGO issue soon: but not for London

BY KENNETH MARSTON, MINING EDITOR

THE EAGERLY awaited offer of shares in the Anglo American Corporation group's East Rand Gold and Uranium Company can now be considered as imminent—"sooner than you think" was yesterday's London comment by Mr. Dennis Etheridge, executive director of the Anglo group. But he disclosed that the offer would be made only to South African investors, a London listing for the shares would be sought later.

Depending on the terms on which the offer is to be pitched, ERGO shares should quickly command a premium price. When dealings begin and the London market will, no doubt, feel disappointed that it is being left out of the game. In fairness, however, London can hardly expect to be given a mining "plum" while the Anglo-American Corporation continues to adopt a negative attitude to South African investment.

As I reported from South Africa in March this year, ERGO is a mine that needs re-evaluation. It is an underground operation with expensive paraphernalia of open-pit working. It merely sets out to retreat South Africa's old mine waste dumps and secure a valuable content of gold, uranium and sulphuric acid. Anticipated initial annual production is 7,000 kilograms of uranium and 460,000 saleable tons of acid.

Although not a mining operation in the full sense, ERGO will still be taxed as such with the result that it will be able to recoup its capital expenditure—put at upwards of £130m (£37m)—as a tax offset. Furthermore it holds the promise of an early start to uranium payments.

Mr. Etheridge confirmed that commissioning of the plant should be completed in November and that production could begin fairly early in 1978. Gold will be produced in the form of doré bars and revenue there will be followed by uranium with that from acid close behind.

Earlier this year I estimated ERGO's annual revenue to be in the neighbourhood of £50m (£35m). Since then the market for uranium has strengthened and prices for new long-term contracts are in the upper-350 per cent region. So the Anglo-American gold maintains its current price levels—and Mr. Etheridge was confident on this score—ERGO has all the hallmarks of a winner.

Meanwhile, the buoyant market for the Anglo-American Corporation for South Africa's gold-uranium mines which produce the nuclear material as a by-product. Vaal Reefs, for example, is now entering a new era of prosperity.

But commenting on the recent rise in the shares of the uranium hopeful Afrikaander Lease—305p yesterday—Mr. Etheridge said that nothing had happened in the last three or four months to change the company's prospects. Anglo is still hopeful that Afrikaander can establish a viable mining operation. A decision is expected by about the end of October.

Anglo continues to concentrate on its uranium exploration programme and a notably promising prospect is the Etched-Dankbaar, said to be in the Orange Free State which adjoins Free State Swaziland. High uranium values have been encountered and it is expected that by the end of this year sufficient data will be available to enable a mining feasibility study to be undertaken. Dukker Exploration has a 40 per cent interest in mineral rights in the area.

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## FLOODING HITS KIMBERLEY

Flooding at two diamond mines in De Beers Consolidated Mines Kimberley division has been production. All personnel have been evacuated without harm and transferred to work elsewhere.

The trouble started just before the week-end and the flow water into the Dutoitspan, Bultfontein mines is continuing. The capacity of the underground pumps has been exceeded and special submersible pumps being installed, the company yesterday.

There is no indication of production might be resumed it is not thought there will any long-term effect on the Kimberley mines. The mine workings have been transferred to the West mine, which produces half of total carats of the Kimberley division, and to the De Beers mine.

The combined production of Dutoitspan and Bultfontein was 389,540 carats out of total of 1,051,523 carats produced by the four mines in Kimberley division. De Beers shares in London tumbled 270p.

MINING BRIEFS

WESTERN MINING AND DEVELOPMENT—Production for week ended June 25: Nickel—6,000 tonnes; Copper—1,200 tonnes; Zinc—1,500 tonnes.

NEW SOUTH WALES—Production for week ended June 25: Gold—1,200 ounces; Silver—1,500 ounces; Zinc—1,500 tonnes.

ANGLO-AMERICAN—Production for week ended June 25: Gold—1,200 ounces; Silver—1,500 ounces; Zinc—1,500 tonnes.

AFRIKAANDER LEASE—Production for week ended June 25: Uranium—1,200 tonnes; Gold—1,200 ounces.

DE BEERS—Production for week ended June 25: Diamonds—1,200 carats; Gold—1,200 ounces.

VAAL REEFS—Production for week ended June 25: Uranium—1,200 tonnes; Gold—1,200 ounces.

ETCHED-DANKBAAR—Production for week ended June 25: Uranium—1,200 tonnes; Gold—1,200 ounces.

DUKKER EXPLORATION—Production for week ended June 25: Uranium—1,200 tonnes; Gold—1,200 ounces.

ANGLO-AMERICAN CORPORATION—Production for week ended June 25: Gold—1,200 ounces; Silver—1,500 ounces; Zinc—1,500 tonnes.

## Little change at Fox's

Taxable profit of Fox's Biscuits stood still in the second half of the year to May 21, 1977 and resulted in the mid-term marginal decline from £463,148 to £455,370 being recorded through the year.

Figures which finished behind from £78,000 to £72,000.

## Electronic Rentals prospects

PROFITS FOR the first two months of the current year are higher and ahead of budgets for Electronic Rentals Group. Looking to the full year result Mr. Maurice Fry, the chairman, tells members that the further progress expected by overseas companies should be reflected in similar significant increases in profit. Also more acquisitions are planned.

The advance in profit would be achieved without the need for further substantial investments in existing operations. This should be advantageous by improving the debt/equity ratio of an associate company or facilitating a further major expansion of trading operations, he says.

Demand for TV sets on rental remains strong and both in the UK and some overseas countries is running at a substantially higher level than at this time last year. However, retail sales are feeling the effects of the downturn in U.K. demand.

As reported on June 10, taxable profit for the year to March 31, 1977, advanced from £2.36m to £2.64m, on sales of £10.2m to £10.5m. The net dividend is lifted to 2.345p (1.874p) per 10p share. The net decrease in bank overdrafts, bills and borrowings was £9.34m (up £0.2m).

Capital spending totalled about £20.76m (£18.02m) of which

£18.05m (£17.73m) had been authorised but not contracted.

The group incurred a heavy debt burden in connection with its acquisition programme, its development of overseas subsidiaries and associates and of its camping and leisure division contracts.

Such borrowings was considerably higher than expected. The group was able to generate additional profits to meet this increase and cash flow was at a level to incur a heavy debt burden to reduce the level of overall borrowings by £7.5m. The ratio of bills and borrowings to shareholders funds decreased from 1.08 to 1.05 at March 31, 1977.

Philipps Electronic and Associated Industries holds 29.2 per cent of the equity.

Meeting, Howard Hotel, WC on July 29 at noon.

## Brunning looks for further increase

Provided that Stage Three pay negotiations reach a sensible conclusion, the directors of Brunning Group expect a further increase in profit in the current year.

According to Mr. Geoffrey Brunning, the chairman, in his annual statement.

As a result, the ordinary trading profits were slightly higher.

After first-half difficulties, profit from Robophone's telephone communications systems picked up well in the second half. A new sales and production system developed for production soon, and sales and profits are expected to increase substantially as this year becomes established.

Extel statistical services again achieved higher profits during the year the first edition of the Extel handbook of market leaders was launched. Since the end of the year, Extel, a computerised service of company information, has introduced further changes with Extel Computing.

Extel Computing's services continue to be developed. A new service, TRIPDS, made a promise to help accountants prepare their private clients' tax returns by producing dividend schedules and computing gains and losses for capital gains tax.

With the general improved atmosphere in the City, the financial news service maintained its position. Further progress was made with the computerised share price system, SPIC, being developed jointly with the Stock Exchange. It is due to become operational later this year.

The new engineering division achieved higher profits by securing an increased share of the market for its range of data and telecommunication terminals and for the complementary maintenance and service contracts.

Extel Advertising and PR Services had a much improved

year, with the buoyancy of the Eurodollar market contributing substantially to the advertising side. Public relations work again expanded and plans are in hand to develop further this part of the group's activities.

Meeting, Extel House, EC, on July 28, at noon.

Statement, Page 16

Glass Glover midway rise to £127,526

Food distributors, fruit and vegetable importers Glass Glover Group reports a 27 per cent increase in taxable profits for the year to March 31, 1977, from £100,219 to £127,526.

Turnover was ahead at £8.73m, against £7.61m.

The directors say that current trading is also satisfactory and they anticipate record profits for the full year.

Earnings per 5p share are shown as 1.062p (0.8052p) and an interim dividend is announced of 0.2575p (0.2575p). Total for 1976/77 was 1.1p paid from record profits of £323,655.

6 months

1976-77

1975-76

Trading profit

Share income

Profit before tax

Tax

Group income

Assocs. U.K.

Assocs. India

Net profit

Dividend

Reserves

Leaving

Other income

WHEATSEAF DISTRIBUTION AND TRADING—Results for year to February 28, 1977, reported £1.2m (£1.2m), net current assets £1.2m (£1.2m), net current liabilities £1.2m (£1.2m), net current assets £1.2m (£1.2m), net current liabilities £1.2m (£1.2m), net current assets £1.2m (£1.2m), net current liabilities £1.2m (£1.2m).

ALPINE SODA DRINKS—Results for year ended March 31, 1977, reported £1.2m (£1.2m), net current assets £1.2m (£1.2m), net current liabilities £1.2m (£1.2m), net current assets £1.2m (£1.2m), net current liabilities £1.2m (£1.2m).

SCOTLAND FOOD GROUP—Results for year ended March 31, 1977, reported £1.2m (£1.2m), net current assets £1.2m (£1.2m), net current liabilities £1.2m (£1.2m), net current assets £1.2m (£1.2m), net current liabilities £1.2m (£1.2m).

MOUNTVIEW ESTATES (property) results for year ended March 31, 1977, reported £1.2m (£1.2m), net current assets £1.2m (£1.2m), net current liabilities £1.2m (£1.2m), net current assets £1.2m (£1.2m), net current liabilities £1.2m (£1.2m).

CENTURY DILE GROUP—Results for year ended March 31, 1977, reported £1.2m (£1.2m), net current assets £1.2m (£1.2m), net current liabilities £1.2m (£1.2m), net current assets £1.2m (£1.2m), net current liabilities £1.2m (£1.2m).

STERLING INDUSTRIES (textiles) results for year ended March 31, 1977, reported £1.2m (£1.2m), net current assets £1.2m (£1.2m), net current liabilities £1.2m (£1.2m), net current assets £1.2m (£1.2m), net current liabilities £1.2m (£1.2m).

JAMES WARREN AND COMPANY—Results for year ended March 31, 1977, reported £1.2m (£1.2m), net current assets £1.2m (£1.2m), net current liabilities £1.2m (£1.2m), net current assets £1.2m (£1.2m), net current liabilities £1.2m (£1.2m).

MAGNET HOLDINGS—Results for year ended March 31, 1977, reported £1.2m (£1.2m), net current assets £1.2m (£1.2m), net current liabilities £1.2m (£1.2m), net current assets £1.2m (£1.2m), net current liabilities £1.2m (£1.2m).

NEW TROMGORTON TRUST—Net asset value per £1 of capital stock 2.21 pence (2.21 pence).

AUSTIN & SONS (LONDON) (materials handling, warehousing, etc.)—Results for year ended March 31, 1977, reported £1.2m (£1.2m), net current assets £1.2m (£1.2m), net current liabilities £1.2m (£1.2m), net current assets £1.2m (£1.2m), net current liabilities £1.2m (£1.2m).

DOM HOLDINGS (textile products) results for year ended March 31, 1977, reported £1.2m (£1.2m), net current assets £1.2m (£1.2m), net current liabilities £1.2m (£1.2m), net current assets £1.2m (£1.2m), net current liabilities £1.2m (£1.2m).

WESCHWOOD CONSTRUCTION (HOLDINGS) (civil engineers, etc.)—Results for year ended March 31, 1977, reported £1.2m (£1.2m), net current assets £1.2m (£1.2m), net current liabilities £1.2m (£1.2m), net current assets £1.2m (£1.2m), net current liabilities £1.2m (£1.2m).

OLIVEHURST INVESTMENT TRUST—Results for year ended March 31, 1977, reported £1.2m (£1.2m), net current assets £1.2m (£1.2m), net current liabilities £1.2m (£1.2m), net current assets £1.2m (£1.2m), net current liabilities £1.2m (£1.2m).

WATERLOO INVESTMENT TRUST—Results for year ended March 31, 1977, reported £1.2m (£1.2m), net current assets £1.2m (£1.2m), net current liabilities £1.2m (£1.2m), net current assets £1.2m (£1.2m), net current liabilities £1.2m (£1.2m).

WESTWOOD INVESTMENT TRUST—Results for year ended March 31, 1977, reported £1.2m (£1.2m), net current assets £1.2m (£1.2m), net current liabilities £1.2m (£1.2m), net current assets £1.2m (£1.2m), net current liabilities £1.2m (£1.2m).

WINDERMERE INVESTMENT TRUST—Results for year ended March 31, 1977, reported £1.2m (£1.2m), net current assets £1.2m (£1.2m), net current liabilities £1.2m (£1.2m), net current assets £1.2m (£1.2m), net current liabilities £1.2m (£1.2m).

WINDERMERE INVESTMENT TRUST—Results for year ended March 31, 1977, reported £1.2m (£1.2m), net current assets £1.2m (£1.2m), net current liabilities £1.2m (£1.2m), net current assets £1.2m (£1.2m), net current liabilities £1.2m (£1.2m).

WINDERMERE INVESTMENT TRUST—Results for year ended March 31, 1977, reported £1.2m (£1.2m), net current assets £1.2m (£1.2m), net current liabilities £1.2m (£1.2m), net current assets £1.2m (£1.2m), net current liabilities £1.2m (£1.2m).

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# Far East boost for Lincroft

GENERAL upturn in overseas trade, especially in its established Far East markets, was principally responsible for an advance in sales from \$4.8m to \$5.1m and a rising profit, up from \$0.24m to \$0.36m, achieved by men's clothing manufacturers and textile processors Lincroft Kilgour Group in the half year to March 31, 1977. The currency gain of \$0.395, against \$0.117, taxable profit expanded by \$0.535 to \$0.38m.

The directors anticipate the improvement in sales and trading profit will be maintained in the second six months and the full-year figure should exceed last year's \$1.7m, even though a currency gain of \$0.17m in 1975-76 is unlikely to be repeated.

Earnings per 10p share are down to be 3.73p (3.7p) and the interim dividend is raised to 2.5p (2.5p). It is expected that the company will be able to pay a maximum dividend of 3.1p.

Since October 1, 1976, the company has purchased for redemption a further \$2,595 of 9 1/2 per cent Unsecured Loan Stock 1977 maturing on September 30, 1977, will be added to the current year's term payment on September 14, 1977.

All comparatives have been restated to reflect a change in the accounting treatment of foreign currencies.

## UKO Intl. working for growth

Mr. G. C. D'Arcy Bles, chairman of UKO International, says in his annual report that the group has maintained unusually steady growth through widely different market conditions in recent years and management will make every effort to continue that performance.

UKO claims to be the world's second largest manufacturer of ophthalmic glass lenses and a leading supplier of spectacle frames. It also has a catering equipment group.

As reported on June 1, UKO achieved a 26 per cent increase in pre-tax profit to \$4.1m for the year to March 31, 1977. The final dividend is 3.5p per share, making a total of \$1.85 a rise of 90 per cent as forecast.

The chairman tells holders that UKO's normal satisfactory trading relationship with the ophthalmic glass production industry following the findings of the Monopolies Commission and Pilkington's required undertaking not to renew the take-over bid.

Mr. Bles says that demand for ophthalmic products in most major markets was a little better than in the previous year, but well below peak levels.

The programme of replacement of old production plant combined with selective investment in production capacity expansion, with capital expenditure on new facilities totalling \$2,350m.

Stocks of most types of lenses have been restored to levels appropriate to current demand, following a period of three years of stock shortages.

During the year the ophthalmic group purchased the Kidwelly (South Wales) lens factory from its major competitor and acquired 70 per cent of Oueq Optique SA, operating in France.

UKO is also in the process of completing the acquisition of Willmotts (Investments), a company strong in the manufacture of spectacle and display cases.

## Arbuthnot Latham outlook

ARBUTHNOT LATHAM OUTLOOK. JUCH thought is being given to planning for continued growth in the years ahead at Arbuthnot Latham, reports Mr. A. R. C. Arbuthnot, chairman, in his annual statement.

Good progress has been made in integrating the business of Chancery Consolidated and the directors are confident that having a regional base in Manchester will contribute usefully to future development.

Together with other banks, the directors are concerned lest the effects of future accounting methods, as proposed by the March Committee, might place the group in an unfavourable position regarding taxable profits.

As reported on June 24, net profit for the year to March 31, 1977 rose from £1.5m to £1.85m.

Statement Page 16.

## Progress at J. & H. B. Jackson

E-TAX profit of iron, steel and non-ferrous merchants, J. & H. B. Jackson has reported a record profit for the year to March 31, 1977, rising from £7m to £11.6m.

The directors state that in spite of the very difficult trading conditions within the scrap metal industry, they feel that the group will achieve a record profit for the full year.

Earnings per 10p share are down as 2.31p against 1.9p and

# London Clearing Banks' balances

as at June 15, 1977

THE TABLES below provide the first monthly indication of the trends of bank lending and deposits, ahead of the more comprehensive banking and money supply figures published later by the Bank of England. Tables 1, 2 and 3 are prepared by the London clearing banks. Tables 1 and 2 cover the business

of their offices and their subsidiaries (excluding Scottish and Northern Ireland banks) in England and Wales, the Channel Islands and the Isle of Man which are listed by the Bank of England as falling within the banking sector. Table 3 covers the parent banks only. In this, it is comparable with the figures

produced by the Bank of England, which show the reserve positions of all the banking sectors subject to credit control. Minor differences here arise from the exclusion from the clearing bank figures of Coouth, a subsidiary of National Westminster but a clearing bank in its own right.

TABLE 1. AGGREGATE BALANCES

LIABILITIES	Total outstanding		Change on month	
	£m.	£m.	£m.	£m.
Sterling deposits:				
U.K. banking system	3,584		+120	
Other U.K. residents	23,595		+15	
Overseas residents	1,824		+42	
Certificates of deposit	1,523		+60	
of which: Sight	31,036		+227	
Time (inc. CD's)	12,430		+250	
Foreign currency deposits:				
U.K. banking system	3,302		+53	
Other U.K. residents	1,050		-111	
Overseas residents	9,713		+80	
Certificates of deposit	1,484		+42	
Total deposits	15,069		+196	
Other liabilities	46,105		+242	
TOTAL LIABILITIES	61,174		+438	
ASSETS				
Sterling				
Cash and balances with Bank of England	1,098		+73	
Market loans:				
Discount market	1,713		+3	
U.K. banks and discount market	4,777		+22	
Certificates of deposit	325		+26	
Local authorities	994		+12	
Other	331		+12	
Total	8,660		+68	

TABLE 2. INDIVIDUAL GROUPS OF BANKS' BALANCES

LIABILITIES	TOTAL		BARCLAYS		LLOYDS		MIDLAND		NATIONAL WESTMINSTER		WILLIAMS & GILPIN	
	£m.	£m.	£m.	£m.	£m.	£m.	£m.	£m.	£m.	£m.	£m.	£m.
Total deposits	46,105	+242	12,670	+117	8,171	+33	9,014	-60	13,845	+240	1,384	+13
ASSETS												
Cash and balances with Bank of England	1,098	+73	326	+14	189	+23	229	+11	299	+23	35	+3
Market loans:												
U.K. banks and discount market	9,478	-53	3,255	+56	2,522	-25	1,463	-125	3,113	+63	224	-12
Other	8,421	+196	3,944	-1	3,157	+44	1,919	-28	2,795	+132	155	+2
Bills	1,657	+27	348	-1	405	+36	441	+7	431	-17	33	+2
Special deposits with Bank of England	700	-3	225	+1	110	+1	137	-1	206	-4	23	+1
British Government stocks	1,751	+51	404	+3	444	-	397	+3	427	+41	30	-1
Advances	24,174	+151	7,240	+32	2,728	+48	5,193	+41	7,120	+13	863	+16

TABLE 3. CREDIT CONTROL INFORMATION

Eligible liabilities	TOTAL		BARCLAYS		LLOYDS		MIDLAND		NATIONAL WESTMINSTER		WILLIAMS & GILPIN	
	£m.	£m.	£m.	£m.	£m.	£m.	£m.	£m.	£m.	£m.	£m.	£m.
Eligible liabilities	20,144	+213	5,392	+91	3,100	+35	4,322	+114	5,411	+73	707	+19
Reserve assets	2,679	+42	897	-4	419	+4	368	+9	736	+35	90	-2
Ratio (%)	13.3		13.2	-0.2	12.5		12.1	-0.3	13.5	+0.5	12.7	-0.5

TABLE 4. CREDIT CONTROL INFORMATION

Eligible liabilities	TOTAL		BARCLAYS		LLOYDS		MIDLAND		NATIONAL WESTMINSTER		WILLIAMS & GILPIN	
	£m.	£m.	£m.	£m.	£m.	£m.	£m.	£m.	£m.	£m.	£m.	£m.
Eligible liabilities	20,144	+213	5,392	+91	3,100	+35	4,322	+114	5,411	+73	707	+19
Reserve assets	2,679	+42	897	-4	419	+4	368	+9	736	+35	90	-2
Ratio (%)	13.3		13.2	-0.2	12.5		12.1	-0.3	13.5	+0.5	12.7	-0.5

TABLE 5. CONSTITUTION OF TOTAL RESERVE ASSETS

Balances with Bank of England	TOTAL		BARCLAYS		LLOYDS		MIDLAND		NATIONAL WESTMINSTER		WILLIAMS & GILPIN	
	£m.	£m.	£m.	£m.	£m.	£m.	£m.	£m.	£m.	£m.	£m.	£m.
Balances with Bank of England	305	-18										
Money at call:												
Discount market	1,867	+62										
Other	202	-23										
Tax reserve certificates												
U.K. Northern Ireland Treasury Bills	1,410	-1										
Local authority	87	-5										
Commercial	645	+9										
British Government stocks with one year or less to final maturity	560	+5										
Other												
Total reserve assets	5,076	+49										

# Banking figures

(as table 9 in Bank of England Quarterly Bulletin) ELIGIBLE LIABILITIES, RESERVE ASSETS, RESERVE RATIOS, AND SPECIAL DEPOSITS

Eligible liabilities	TOTAL		CHANGE ON MONTH	
	£m.	£m.	£m.	£m.
U.K. banks				
London clearing banks	20,273	+321		
Scottish clearing banks	2,249	+39		
Northern Ireland banks	693	+8		
Accepting houses	1,727	+23		
Other	5,755	+56		
Overseas banks				
American banks	3,347	+64		
Japanese banks	226	+1		
Other overseas banks	1,860	-6		
Consortium banks	146	-8		
Total eligible liabilities*	36,273	+451		
Reserve assets				
U.K. banks				
London clearing banks	2,700	+46		
Scottish clearing banks	299	+4		
Northern Ireland banks	109	+2		
Accepting houses	278	+2		
Other	817	+15		
Overseas banks				
American banks	476	+3		
Japanese banks	37	-2		
Other overseas banks	325	-2		
Consortium banks	43	-3		
Total reserve assets	5,076	+49		
Ratios %				
U.K. banks				
London clearing banks	13.3			
Scottish clearing banks	13.3	-0.1		
Northern Ireland banks	14.5	-1.2		
Accepting houses	16.1	+0.3		
Other	14.2	+0.1		
Overseas banks				
American banks	14.2	-0.2		
Japanese banks	15.5	-0.6		
Other overseas banks	17.3	-0.5		
Consortium banks	29.6	-0.6		
Combined ratio	14.0			

TABLE 6. CONSTITUTION OF TOTAL RESERVE ASSETS

Balances with Bank of England	TOTAL		CHANGE ON MONTH	
	£m.	£m.	£m.	£m.
Balances with Bank of England	305	-18		
Money at call:				
Discount market	1,867	+62		
Other	202	-23		
Tax reserve certificates				
U.K. Northern Ireland Treasury Bills	1,410	-1		
Local authority	87	-5		
Commercial	645	+9		
British Government stocks with one year or less to final maturity	560	+5		
Other				
Total reserve assets	5,076	+49		

N.B.—Government stock holdings with more than one year but less than 18 months to final maturity amounted to £157 million.

\* Interest-bearing eligible liabilities were £24,217m. (up £277m.).

## Chesterfield Properties outlook

Mr. Harold H. Wingate, the chairman of Chesterfield Properties, says in his annual report that the company's potential for future growth is now being realised.

With the exception of its sites at Wembley and Ruislip, the company has remained inactive in the development field in this country for some years, says Mr. Wingate.

## W. Williams chairman hopeful

Mr. Hiram H. Williams, chairman of W. Williams and Sons (Holdings) said at the AGM that while the early signs of an upturn in demand continued, the effects of the stoppages in the car and steel industry were still being felt until quite recently.

Net liquid funds increased during the year by £20,000, against a decrease last time of £2,220m.

## GEN. SCOTTISH

General Scottish Trust has borrowed \$15.2m from Royal Bank of Scotland for a period of five years.

## ARMS PARK GREYHOUND

Arms Park (Cardiff) Greyhound Racing Company applied for a temporary suspension of its shares yesterday as the Welsh Rugby Union has proposed that work from Dialoy, then later for the rest of the group where con- siderable work is at present sub- contracted, and ultimately for current general industry in South Wales, bounds expires.

An extraordinary meeting has been called for about three weeks time at which the directors are likely to recommend shareholders to accept the WRU proposals.

# Rediffusion Sir John Spencer Wills reports.

The forty-ninth Annual General Meeting of Rediffusion Limited will be held on 27th July at the Connaught Rooms, London.

The following are highlights from the Review by the Chairman, Sir John Spencer Wills, which has been circulated with the Report and Accounts for the year ended 31st March 1977.

## The year's results

Under conditions which were by no means favourable to growth, our television business and its related activities made satisfactory progress. Unfortunately, results in other directions have failed to come up to expectations and we have consequently been able to show only a slight improvement in the profits of the Company for the year.

## Television business in the U.K.

This, our principal activity, produced £1.4 million more trading profit than last year — an 11% increase.

The popularity of rental as a means of acquiring colour television became firmly re-established during the year, a trend which was encouraged by freedom from Government charges.

## Music services

The Reditone background music service, Europe's largest and now represented in 70 countries around the world, achieved the highest profit of its 20 years' history — nearly half of it being earned overseas.

## Associated companies

Rediffusion Television made greater profits, primarily because Thames Television, in which it has a 50% financial interest, earned more revenue from advertisers.

## Overseas operations

In Hong Kong during the past year, total television advertising revenue increased by about 50%. Rediffusion Television of Hong Kong (RTV), in which we have a 64% shareholding, increased its own revenue by a similar factor.

## Electronic capital equipment: Redifon

We had expected further improvement from Redifon's United Kingdom companies but they produced nearly a million pounds less profit than they did last year.

## Redifon Computers

Redifon Computers, the only one of the Redifon companies to surpass its achievement of the previous year, did extremely well, making increased profit in both its divisions — the Computer Division and the Redifon Systems Simulation Division.

## The outlook

The results we are presenting now are a disappointment. I would have liked to take the edge off that disappointment by forecasting substantially better profits for the current year and, as far as our U.K. operations are concerned, I believe they will be achieved.

But overseas, problems besetting our television broadcasting business in Hong Kong have still to be solved and the outlook is overshadowed by continuing losses there and, on a smaller scale, in Canada.

A copy of the Accounts containing the Chairman's Review can be obtained on application to The Secretary (F7), Carlton House, Lower Regent Street, London SW1Y 4LS

# REDIFFUSION



# INTERNATIONAL FINANCIAL AND COMPANY NEWS

## KemaNord on lookout for new areas of expansion

BY WILLIAM DULLFORCE

KEMANORD, the chemicals concern which earlier this year failed in a takeover bid for the Swedish Match Group, is looking for new areas for expansion. Among the financial targets set by Mr. Ova Sundberg, the managing director, is an average annual return on equity through a normal business cycle of 23 per cent before tax.

He also aims to pay shareholders a dividend equivalent to 30-50 per cent of net earnings.

This programme is detailed in the prospectus containing the KemaNord offer to holders of the remaining 27 per cent of the Nitro Nobel stock, KemaNord, which already holds 73 per cent of the Nitro Nobel shares, proposes to merge the explosives company into its own administration, creating a new concern KemaNobel.

The new concern will establish an operating base, Nobel International SA in Geneva as a centre for the expansion of its international activities. The Swiss company will have both trading and financing subsidiaries.

The offer to Nitro Nobel shareholders is three new KemaNord shares and Kr.160 (£30.13) in cash for every four Nitro Nobel shares. The merger, it is said, offers considerable advantages for the further internationalisation of both companies. Combined turnover last year was Kr.1.5bn. (£238m.1).

KemaNord concentrated on heavy chemicals until 1969, when it started to expand into petrochemicals. Over the last few years its new consumer

goods division has shown the fastest growth rate. It has recorded net adjusted earnings of around Kr.30 a share in the past two years and hopes to improve this by 10 per cent in 1977, a forecast which the prospectus states is doubtful in view of the delay in the general business upturn.

Future expansion should be financed from internal resources to the extent needed to keep an equity/debt ratio of 35-40 per cent, the prospectus explains. With a 23 per cent target for average return on equity before tax and an average interest cost on borrowed capital after tax of 5 per cent, the equity would need to grow by at least 10 per cent a year.

A continued move towards lighter products, allowing for a swifter turnover of capital, should make it possible to raise turnover by about 16 per cent a year.

If these targets can be met, the management expects to be able to increase shareholders' dividends in line with inflation, entailing a dividend equivalent to 30-50 per cent of earnings per share.

ending March 31, an increase of Kr.7.2m. over the previous year. Sales rose from Kr.1.57bn. to Kr.2.16bn. (£288m.1). Net adjusted earnings rose by Kr.0.36 to Kr.20.25 a share. The board recommends an unchanged dividend of Kr.6 a share and a new share issue of two-for-five at a price of Kr.95 a share. This would raise the share capital to Kr.118.5m.

Mr. Sven Ostling, the managing director, says the new issue is justified by the doubling in turnover during the last five years. The company needs capital to expand its wholesaling operations into electrical and ventilation materials and for investments in the pre-treatment and manufacturing of wholesale products.

The concern celebrates its centenary this year and the board proposes to donate 15,000 shares (valued at Kr.3.4m.) to 2,200 of its employees. It will also shorten the company name to AhlSELL AB as being more practical for foreign business. The three wholesaling divisions — pipes, heating and sanitary equipment; steel and metal; industrial materials — will be reorganised as separate limited companies.

Mr. Ostling expects the current year to be tougher than the last due to low investment levels within industry and by local authorities, the decline in house building, a stringent credit market and the general pessimism prevailing in the Swedish economy. He anticipates further sales growth but difficulty in maintaining earnings.

## Higher steel earnings

AHLSELL AND AAGREN, the Swedish steel stockholding and building material wholesalers with interests in Norway, Denmark, Finland and West Germany, reports earnings of Kr.67.4m. (£8.9m.) for the year

STOCKHOLM, July 5.

ending March 31, an increase of Kr.7.2m. over the previous year. Sales rose from Kr.1.57bn. to Kr.2.16bn. (£288m.1). Net adjusted earnings rose by Kr.0.36 to Kr.20.25 a share. The board recommends an unchanged dividend of Kr.6 a share and a new share issue of two-for-five at a price of Kr.95 a share. This would raise the share capital to Kr.118.5m.

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Mr. Ostling expects the current year to be tougher than the last due to low investment levels within industry and by local authorities, the decline in house building, a stringent credit market and the general pessimism prevailing in the Swedish economy. He anticipates further sales growth but difficulty in maintaining earnings.

## Consolidated Foods offer

Consolidated Foods Corporation has made an offer for 65 per cent of the outstanding shares of Douwe Egberts, a producer of coffee, tea and tobacco based in Utrecht, reports AP-DJ from Chicago.

The offer, expected to be completed around the end of Consolidated's first quarter, is contingent on over 50 per cent of the Dutch company's shares being tendered.

Consolidated Foods' first quarter ends October 1. Its minimum investment will be \$156m.

If the offer is successful, Consolidated Foods will own 26 per cent of the voting stock. The remaining tendered shares will be held in a Dutch-administered trust for the benefit of Consolidated Foods.

Douwe Egberts is a family-owned company. Sales last year approximated \$600m, with operating earnings of about \$24m.

## Forecast of major growth by Arab bank

By Margaret Reid

LUXEMBOURG, July 5. A FORECAST of major growth at the new International Resources and Finance Bank, one of the few banks based in the West and mainly owned by Arab interests, was made here today by the group's president and founder, Mr. Shakirullah Durrani.

A substantial role in recycling the flow of petrodollars, which has been greatly boosted by much higher world oil prices, is envisaged for the bank, whose shareholders include wealthy Arab interests in Saudi Arabia and the Gulf States.

"We aim to be a \$400m. (£266m.) bank in terms of balance sheet footings in two years, and total handlings of resources should be significantly in excess of that," said Mr. Durrani as the group's headquarters was opened in Luxembourg.

The bank, which has a London office, is wholly-owned by Arab International Trust, also Luxembourg-based, in which the Canadian group, Bank of Montreal, has a 30 per cent stake and the Egyptian-based Arab Africa Bank, has 10 per cent.

Mr. Fred McNeil, chairman of Bank of Montreal, heads IRFB's executive committee. Other major shareholders in IRFB are interests in Saudi Arabia and the United Arab Emirates, whose holdings are between 25 per cent and 30 per cent, while the rest of the shares are held by other Middle East, United States and Canadian interests.

Referring to the increasing wish of Middle East interests to control banks through which their cash can be deployed, Mr. Durrani said: "There is no way with the type of resources the Arab world is today generating that they would not become world bankers."

The bank will arrange and participate in loans for developments in the Arab world. An early project is expected to be the financing of a \$25m. scheme for construction of road bridges and overpasses in the Gulf State of Sharjah.

Mr. Hani Emam, a Saudi Arabian with extensive business interests and a director of IRFB who, with others, owns Saudi International Investment, said it would be logical if resources of those associated in SIR were shifted to be deployed through IRFB.

## GERMAN NEWS

# Volkswagen recovery to continue

FINANCIAL TIMES REPORTER

VOLKSWAGEN EXPECTS its group pre-tax profits for 1977 to be at least equal to those last year—when the group made a net profit of DM1bn. after tax of DM453m.—and has also announced an appreciable gain in sales in the six months to June. It sees itself in a position to consider a dividend increase this year.

Group worldwide deliveries rose by 11.1 per cent in the first half to 1.22m. vehicles, compared with the same period last year. Herr Toni Schmuecker, chairman of the management board, said at the annual main shareholders meeting at Wolfsburg.

Deliveries were expected to rise by 8.6 per cent in the full year, to 2.31m, though sales had gone down in Brazil, Mexico and South Africa.

"At home, and also in Europe," said Herr Schmuecker, "we want to maintain an above average position. On the other hand, in the U.S., our aim is more modest, simply to improve on last year."

The group would continue to need large profits for its investment plans, which envisaged the spending of DM1.8bn. this year, including over DM900m. by the parent company.

Volkswagen had had a record order backlog in the spring, Herr Schmuecker said. The company had hired additional workers and run extra shifts in the first six months, but the latest figures suggested a settling down in demand.

Although 1977 would see an increase, "next year could well see a cooling off in the motor industry in West Germany, since the general economic outlook has once again become insecure."

Last week, Volkswagen's works council, which represents workers' interests in dealings with management, said that VW orders had been subject to a 10 per cent cut in the medium-term market.

Another borrower who is having no difficulty in raising money is Jordan. The Jordan Petroleum Refinery Company is raising \$100m. for six years at a spread of 11 per cent over Libor from a group of banks headed by Arab and Morgan Grenadier Bank and Citicorp. The proceeds are earmarked for the third extension of the refinery at Aqaba. This is the

largest loan for Jordan so far for five years at 14 per cent spread. The loan is being raised by a consortium of banks led by Manufacturers Hanover Ltd. Being signed to-day in London is the \$150m. for Deutsche Aussehandelsbank. Maturity is six years and the spread over Libor split 1:1 per cent for the first three years rising to 11 per cent for the last three. Lead manager is Bankers Trust International who were able to increase the amount of the loan from the initial \$125m. due to strong demand.

The terms of the Hungarian loan make interesting reading when compared with those paid by other Eastern European borrowers. Czechoslovakia is expected to pay 14 per cent over Libor from a group of banks headed by Arab and Morgan Grenadier Bank and Citicorp. The proceeds are earmarked for the third extension of the refinery at Aqaba. This is the

viewed more optimistically, with a 30 per cent rise in first half sales from the year earlier level.

Volkswagen's present basic capital of DM900m. was too low, Herr Schmuecker said. The consolidation of VW results and the prospects of a lasting improvement in earnings could, however, justify an increase in stock to shareholders. "If, in addition, the stock exchange takes proper account of the company's achievements, at a certain point the implementation of an increase can be considered."

Even if the high dividend payments of the 1960s were not attained, the company was now in a position to approach previous distribution levels. "It is clear we can think about a rise in dividend with a clear conscience this year."

A dividend of DM5 a share was paid for 1976. An acceptable level of full earnings could be achieved with higher prices, Herr Schmuecker said. The additional cost of wages and salaries VW this year would be near DM370m. Prices had been raised at home by 8.9 per cent earlier this year, and he is concerned over the warm letter from the Federal Cartel Office about this.

The Cartel Office's argument—that VW, along with Opel AG and Ford Werke AG had such a high market at that time—that the Cartel Office had to judge price increases—crucial to the existing economic system and lead to price-profit controls.

See Lex

## Rights issue pace slackens

FINANCIAL TIMES REPORTER

UNLESS the second half of 1977 produces a rights issue bonanza, the amount of new equity raised by German companies this year is going to fall a long way short of the sums achieved in 1976.

For the first half of the current year rights issues by public companies have topped the West German bourses for only DM379m. (about \$14m.) whereas between January and June, 1976, equity financing was running at three times this figure.

According to a study by Commerzbank AG this sluggish financing pattern results from a combination of a weak stock market and low capital investment by German industry. Indeed, to judge by the Commerzbank index, the German equity market has made no over-all progress for more than 12

months. It is currently 6 per cent below its May peak for 1977.

Banks and insurance companies have been noticeably absent from the market so far this year with their share in the rights issue total dropping to just under six per cent, from 43 per cent a year ago.

The Commerzbank report points out that corporations showed a "marked inclination" to issue bonus shares and in the first half 1977 around DM100m. were converted from reserves into shares whereas in 1976 only DM3m. were converted. The average 1977 issue price so far is 235 per cent (or DM1.19) per DM50 nominal share against 215 per cent in the first half of last year.

The major cash amounts raised this year have been the

DM.306.53m. nominal (DM.11m.) by BASF AG in its 10th issue at DM130 and DM100m. nominal (DM.3m.) raised by Standard Elektrik Lorenz AG when major shareholder International Telephone and Telegraph Corporation needed its 99.44 per cent, held by 14 per cent in one-for-one offer at DM.200, the bank.

WEST GERMAN industrial production fell provisionally almost two per cent, seasonally adjusted in May following a provisional 0.8 per cent rise in the economies ministry announced in Bonn yesterday.

At the same time it announced that new orders received in industry had also fallen provisionally in May—by a seasonal deficit of two per cent, from April's provisional drop of 1.3 per cent.

## Dutch bourse active

BY MICHAEL VAN OS

AMSTERDAM, July 5.

TURNOVER on the Amsterdam Stock Exchange rose by a tenth to Fls.18.2bn. in the first half of 1977 thanks largely to demand in the bond market.

Dealing turnover in equity shares was little changed at Fls.10bn. against Fls.9.5bn. in the first six months of 1976, but volume in the bond market increased by almost a fifth to Fls.8.2bn. from Fls.6.9bn., according to a report by the Amsterdam Stock Exchange authorities.

Besides reporting increased activity from those two markets, the Association also draws attention to the substantial increase in the flow of new issues in the first six months. Compared with the corresponding period of 1976, Fls.3.2bn. was borrowed by the State, the lower authorities and the corporate sector—a rise of 50 per cent. In addition, more share listings were made.

As far as the Share Indices are concerned, the General Share

Index at Amsterdam closed at 92.1 on June 30, 1977, which was up 5.1 per cent, on the level of December 30, 1976, with international and the insurance sector showing the most pronounced increases—of 9.7 per cent and 9.5 per cent, respectively. The rise for the internationals was largely accounted for by the strength of the market leader, Royal Dutch.

Local industrials and Banks managed only very slight increases, with the only index to show a decline being the Transport sector down 3.9 per cent, largely as a result of losses among the Shipping stocks.

UNILEVER, the Anglo-Dutch food, household goods and detergent group, is negotiating the purchase of an 80 per cent interest in the French ice cream company Motta-France, a Unilever spokesman said in Paris yesterday, reports Reuter.

Motta-France is a subsidiary of the Italian firm Unidipa.

## Consolidated Foods offer

Consolidated Foods Corporation has made an offer for 65 per cent of the outstanding shares of Douwe Egberts, a producer of coffee, tea and tobacco based in Utrecht, reports AP-DJ from Chicago.

The offer, expected to be completed around the end of Consolidated's first quarter, is contingent on over 50 per cent of the Dutch company's shares being tendered.

Consolidated Foods' first quarter ends October 1. Its minimum investment will be \$156m.

If the offer is successful, Consolidated Foods will own 26 per cent of the voting stock. The remaining tendered shares will be held in a Dutch-administered trust for the benefit of Consolidated Foods.

Douwe Egberts is a family-owned company. Sales last year approximated \$600m, with operating earnings of about \$24m.

## Denmark raising \$500m.

BY FRANCIS GHILES

DENMARK will sign a \$500m. loan to Copenhagen to-morrow. Maturity is seven years and the spread over Libor is split—11 per cent for the first three and a half years and 14 per cent thereafter. Due to strong response, the lead manager, Morgan Guaranty, was able to increase the amount from the initial \$400m.

According to one banker, the operation was a "piano hand" — it just played itself. Denmark has benefited from the overall fall in spreads and is still much sought after in the medium-term market.

Another borrower who is having no difficulty in raising money is Jordan. The Jordan Petroleum Refinery Company is raising \$100m. for six years at a spread of 11 per cent over Libor from a group of banks headed by Arab and Morgan Grenadier Bank and Citicorp. The proceeds are earmarked for the third extension of the refinery at Aqaba. This is the

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See Lex

## Reserves at peak level

By Hilary Barnes

COPENHAGEN, July 5. CONTINUED heavy public sector borrowing abroad last year boosted Denmark's official currency reserves by Kr.488m. to Kr.12.7bn., a record high figure.

In its monthly statement Central Bank said State loan government raised Kr.1.4bn. in foreign loans in May. It noted that Denmark was to borrow readily in foreign markets prior because the international recession has left major with excess capital.

The growth of Danish reserves since they were drained Kr.4bn. in October 1976 despite the country's account balance of pay deficit of Kr.11.5bn. last year forecasts of little improvement in the payments shortfall in the 1980s.

While the present resumption gives Denmark means of financing its deficit for the next year, Social Democratic Government of Prime Minister Jørgensen is to introduce economic stabilisation measures at an emergency session of Folketing (Parliament) August.

## HELLENIC AEROSPACE INDUSTRY LTD.

U.S. \$60,000,000

MEDIUM TERM LOAN

GUARANTEED BY THE GREEK STATE

MANAGED BY

CITICORP INTERNATIONAL GROUP

CONTINENTAL ILLINOIS LIMITED

CO-MANAGED BY

SECURITY PACIFIC BANK  
TRADE DEVELOPMENT BANK/REPUBLIC NATIONAL BANK OF NEW YORK  
WELLS FARGO LIMITED

AND PROVIDED BY

CITIBANK, N.A.  
SECURITY PACIFIC BANK  
THE BANK OF NOVA SCOTIA  
TRADE DEVELOPMENT BANK OVERSEAS, INC.  
ASSOCIATED JAPANESE BANK (INTERNATIONAL) LIMITED  
NATIONAL BANK OF NORTH AMERICA  
UNITED VIRGINIA BANK  
IRAN OVERSEAS INVESTMENT BANK LIMITED

CONTINENTAL ILLINOIS LIMITED  
WELLS FARGO LIMITED  
REPUBLIC NATIONAL BANK OF NEW YORK  
AMERICAN SECURITY BANK N.A.  
DOW BANKING (OVERSEAS) LTD.  
UNION BANK  
INVESTITIONS- UND HANDELS-BANK AG LONDON BRANCH  
UBAF BANK LIMITED

CITICORP INTERNATIONAL BANK LIMITED

AGENT

JUNE 27, 1977

# Compagnie Financière de Paris et des Pays-Bas.

Financial Highlights	(Millions of Francs)	
	1975	1976
Paribas Group		
Consolidated results	438	438
Compagnie Financière's share	354	361
Earnings per share	F32.32	F32.73
Estimated value per share	F370	F400
Compagnie Financière		
Profit for the year	144.3	172.4
Distribution	138	146.8
Net dividend per share	F12.50	F13.30

The Annual General Meeting held on 1st June approved the accounts for the financial year and voted the distribution of a dividend of F13.30. The consolidated Group profit amounts to F438 million, with the results of banking business providing 47% of the total and earnings from portfolio activity 53%. Profits from business abroad have improved and represent 39% of the total.

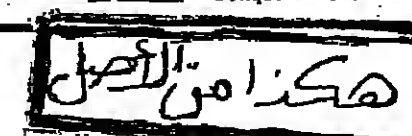
- International Development:
- The main facts which mark the year 1976 are as follows:
- Admission to the Geneva, Zurich and Basle Stock Exchanges of Banque de Paris et des Pays-Bas (Switzerland) S.A.
  - Substantial progress of the Becker Warburg Paribas Group's business in the United States
  - Acquisition of an interest in the Canadian Commercial and Industrial Bank, Edmonton
  - Decision to open a branch in Seoul and a representative office in Caracas
  - Profits doubled in the Persian Gulf and in Gabon.

Moreover, Banque de Paris et des Pays-Bas participated in 54 loans totalling close on US dollars 3 bn on the international financial market. As a result the Bank ranks eighth internationally and first among French banks.

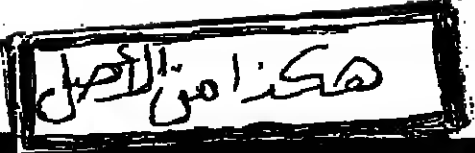
In his address, the Chairman, Mr. Jacques de Fouchier, stressed the features which set the Paribas Group apart in these terms:

"First-hand knowledge of the industrial environment and industrial realities; constant links with a large number of companies in all parts of the world; the network abroad of the Bank itself, its subsidiaries and its associated companies; the outstanding position it has gained both on the international market for Euro-currency issues and in the financing of French exports. All these factors, though diverse in themselves, contribute each for its part to the solidly-based position we have established in industry and finance, mainly in France, of course, but also in many other countries of the world."

Copies of the Report (in English) will be available after the 8th July 1977 and can be obtained from: Securities Department, S. G. Warburg & Co., Ltd., 30 Gresham Street, London EC2P 2ER and from the Banque de Paris et des Pays-Bas, Moor House, 119 London Wall, London EC2Y 5DF.







INTERNATIONAL FINANCIAL AND COMPANY NEWS

THE FRENCH PAPER INDUSTRY

Countdown to the restructure

BY DAVID CURRY

THE first steps towards improving the performance of the timber and paper industries have been outlined by the French Government. Final proposals, involving the restructuring of the industry around two central poles - printing and writing paper on the one hand and packaging on the other - will be made in October.

Other bodies, including the Credit Agricole subsidiary Union-credit and the Institut de Developpement Industriel will also participate in the capital reconstruction of the industry and rationalisation. It is hoped that the modernisation plan will leave France with a balance of payments surplus in this sector of some Frs.1.6bn. instead of the current deficit.

The programme embraces four chapters: exploitation of forest resources, newspaper, improvement of capacity and restructuring, and research. The main problem with exploitation of the raw materials is the division of ownership of the forest into thousands of small holdings. Even in the Landes, the biggest man-made forest in Europe, whose maritime pine trees furnish the material for packaging paper and saw mills, there are probably some 15,000 separate owners.

On the packaging side the new industrial pole would be created by bringing together La Cellulose du Pin (St. Gobain holds 55 per cent. and Pricel 54 per cent.) and Rochelle-Cenpa. Rochelle-Cenpa is owned 20 per cent. by the American paper-maker St. Regis, 15 per cent. by St. Gobain, and the remainder by Paribas and some 16 per cent. by the Fransk family. It is expected that such a restructuring would be accompanied by substantial injection of funds. Both Condal and Le Cellulose were substantially in losses last year.

Abercom not proceeding with bid for Protea

JOHANNESBURG, July 5. ABERCOM's long-standing bid for Protea Holdings which was initiated on May 4 finally ran into the sand to-day with the announcement that it has decided not to proceed at this stage with the bid for technical reasons.

However, the market has long been signalling that Abercom had little chance of success as its shares at 190 cents valued Protea at 63 cents on the original terms of 33 for 100 while Protea has been steady at about 70 cents for some time. This, rather than any technical factor, seems to have been the key to the withdrawal.

AMERICAN NEWS

BP buys Corco stations

BY JAY PALMER

ACTING through U.S. associates, BP is to buy a chain of 66 petrol service stations located up and down America's middle-Atlantic coast from the financially troubled Commonwealth Oil Refining Company.

The purchase will actually be made by the Standard Oil Company of Ohio (Sohio) in which BP currently has a minority stake. However, BP's ownership of Sohio will rise to 53 per cent. shortly after Alaskan oil starts flowing through the Alaska pipeline at a rate of 1.2m. barrels a day.

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Fiat to buy 50% of Hesston

BY OUR OWN CORRESPONDENT

HARVESTING MACHINERY common shareholders at a special meeting expected to be held late next month. Fiat S.A. (IHF), a wholly-owned Swiss subsidiary of Fiat SpA of Italy signed an agreement under which Fiat will buy about 50.2 per cent of Hesston's voting securities for \$20m, reports Reuter.

The company, based in Kansas, owns eight U.S. plants as well as overseas operations in France and Italy. It is credited with designing such innovative products as self-propelled windrowers, big package handling equipment, brush-type cotton harvesters and row harrows.

HESTON, KANSAS, July 5. A particularly hay handling, windrowers and forage harvesters contribute over 90 per cent of sales with the remainder coming from sales of office furniture and solid waste disposal units.

UMM shuts its clothing stores

BY OUR OWN CORRESPONDENT

LAST WEEK United Merchants and Manufacturers (UMM) ended nearly two years of speculation about its huge operating losses when it padlocked and closed, apparently on a permanent basis, the 356 "Robert Hall" retail clothing store outlets that constitute its major business.

Confirming that some other retail chains have expressed interest in buying certain outlets, a spokesman for UMM said that the company is now talking with creditors about its future. United Merchants, which is generally seen as a large diversified textile and textile products company, has suffered a major profits reversal in recent years.

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Continued from page 20

Lackens

The second biggest trade deficit in the world is in the oil. In addition, it has in the severe financial straits of the industry which has been forced into severe recession, particularly in the packaging sector, and which is incapable of competing with North American producers.

Another good day for Euro-bond market

By Francis Ghiles. THE EUROBOND market continued strong yesterday, although trading was said by many dealers to be less hectic than on Monday.

100m.

The \$15m. convertible for Vito Electric Industrial Company will be issued at par through an underwriting syndicate led by Nomura Securities.

Brighter picture at KLM

BY MICHAEL VAN OS

KLM ROYAL DUTCH Airlines reports a favourable development of business in the first few months of 1977, which started on April 1, giving rise to the general expectation that it will resume paying a dividend this year.

At a Press briefing here this afternoon on the publication of the airline's annual report, the main details of which were already published on this page on June 10, KLM would only state that a "reasonably favourable" result was expected.

Commenting on the outlook for the rest of the year, the airline said it expected a traffic growth of about 7 per cent, which is up 3 per cent. on 1976. Since KLM will limit the increase in capacity to 6 per cent. compared with a very low 3 per cent. the previous year, the load factor should improve further from the past year, when it had risen to 85.2 per cent. (54.3 per cent.).

AMSTERDAM, July 5. The airline has changed the basis of its accounts to some extent, so that its net profit had been flattened by Frs.7.6m. In 1976-77, the Far East pool agreement with Philippine Airlines was terminated. Currency exchange differences caused a loss of Frs.26.5m compared with a Frs.5m. profit the year before and half the loss was attributed to the problems with the Mexican peso.

Of the financial position the company noted that an improved cash flow and the relatively low level of new investments had improved liquidity. Moreover, insurers had effected the payment of Frs.10m. in regard to the Boeing-747 lost at the Tenerife air crash before the end of the financial year.

Commenting on the past year, Mr. Beekman expressed satisfaction that KLM had been able to make a profit again (Fr.1.5m. after five consecutive years of losses). Since KLM did not yet have to pay taxes in the year of earlier losses incurred (and it probably would not have to pay taxes this year either) the 1976-77 profit on the airlines is the own equity of at least Frs.900m. which was still considered insufficient, he added. As reported earlier, the KLM annual report said.

Paris 15.

437 387 F12 71 452 177 124 F12 71 452

BANCO URQUIJO

The leading Spanish merchant bank with resources in excess of DM 730 million. Announces the opening of a representative office in Frankfurt.

BOROUGH OF BURNLEY Placing of £2,000,000 13 per cent Redeemable Stock, 1967 at 237 1/2 per cent. Application has been made to the Council of The Stock Exchange for the above Stock to be admitted to the Official List.

SELECTED EURODOLLAR BOND PRICES MID-DAY INDICATIONS. Table with columns for Bond Name, Bid, Offer, Bid, Offer.

0-MARK BONDS. Table with columns for Bond Name, Bid, Offer, Bid, Offer.

Harmony Gold Mining Company Limited. The underground fire recently reported has now been extinguished. Apart from stopping in the six panels directly affected by the fire normal operations have been resumed.

CITICORP 8 1/8% Notes Due July 1, 2007. \$250,000,000. All of these securities having been sold, this announcement appears solely for purposes of information. June 24, 1977.

Brazilian Investments S.A. Net Asset Value per Depository Share as of 30th June, 1977 U.S.\$90.51. Listed: The London Stock Exchange.







GOLD MARKET... THE SPANISH quicksilver producer Almaden has decided not to offer metal until further notice because prices are too low.

Quicksilver trading stopped... The Italian producer Montedison announced in September that it had suspended production for a year.

'Normal' potato crop may cut prices by half

THIS YEAR'S U.K. potato crop should be the heaviest for three years. As a result retail prices could fall to as little as half last year's levels.

India to probe jute stocks

By Our Own Correspondent... The Indian Jute Mills Association has suggested a 30 per cent increase in the price of jute.

Supply squeeze boosts tin

TIN PRICES jumped on the London Metal Exchange yesterday, following fears of a supply squeeze.

Sugar falls to £115.30 a tonne

By Our Commodities Staff... TRADERS were once again at a loss to explain the cause of the fall in the London sugar market.

World grain supplies Near record wheat crop forecast

A GREATER margin of security against crop failure exists now than for some years, according to the International Wheat Council.

Concern over cocoa

FUNDAMENTAL CONSIDERATIONS do not support the recent months' 'bullishness' of the London cocoa market.

New York commodity centre opens

THE NEW COMMODITY Exchange centre in New York opened yesterday with a flurry of trading in the copper, sugar, and Maine potato futures markets.

Bad year ahead for egg farmers

THE LOW prices plaguing the European egg industry are not expected to improve for about a year, according to Mrs. D. I. Sue Richardson.

COMMODITY MARKET REPORTS AND PRICES

Table with multiple columns listing commodity prices for metals, grains, and other goods. Includes sub-sections for 'BASE METALS' and 'PRICE CHANGES'.

THAI RICE RECORD

The rice exports last month set a record 310,884 tonnes to 242,500 in May and 117,658 in June last year.

COCAOA

RENEWED consumer demand combined with better short-crop reports is steady throughout the day.

Wool futures

WOOL FUTURE prices were mixed in London yesterday, with a slight rise in the medium and heavy grades.

AVANAMID

Feed Antibiotic... AVANAMID... getting more out of the feed you put in

SILVER

SILVER was quoted 1.45 on the London market yesterday, up from 1.44 on Monday.

Wool futures

WOOL FUTURE prices were mixed in London yesterday, with a slight rise in the medium and heavy grades.

LANT AND MACHINERY

CIVIL ENGINEERING CONSTRUCTION COMPANY... The Middle East and Africa would be invaluable to you.

JUTE

JUTE prices were very quiet in London yesterday, with a slight rise in the medium and heavy grades.

MEAT/VEGETABLES

MEAT/VEGETABLES prices were mixed in London yesterday, with a slight rise in the medium and heavy grades.

Ziebart Licensees Wanted

Ziebart (G.B.) Ltd. acknowledged market leader in the U.K. tile roof-putting industry.

COFFEE

COFFEE prices were mixed in London yesterday, with a slight rise in the medium and heavy grades.

Wool futures

WOOL FUTURE prices were mixed in London yesterday, with a slight rise in the medium and heavy grades.



STOCK EXCHANGE REPORT

Markets trade narrowly and close on a mixed note

Bank lending figures help sentiment—Index up 1.4 at 451.0

Account Dealing Dates
Option
\*First Decline Last Account
Dealings
June 13 June 23 June 24 July 5
June 27 July 7 July 8 July 19
July 21 July 21 Aug 2

Stock markets were subdued again yesterday but held up reasonably well in view of the turn for the worse at Greenwich end confirmation of fears that the miners would ignore pleas from the Prime Minister and trade union leaders to moderate their demands. Gilt-edged and leading equities did tend to drift lower after early firmness, but sentiment was cheered in the afternoon's trading by the increased hope that the private sector in the four weeks to mid-June.

The Government Securities index at 67.75, eased 0.18 which reflected losses to 1.1 after 1.1 in the longer maturities and narrowly mixed changes in short-dated stocks. In equities, the leaders went better from the start in a continuation of the overnight improvement which followed the announcement of the sharp increase in U.K. currency reserves. Only modest progress had been made, however, as the market faltered in the afternoon on lack of sufficient buying interest with attention being centred mainly on actual and potential bid situations and those with trading news. The FT-actuarial three main indices recaptured the minor losses sustained on Monday with the All-Share up 0.4 per cent at 451.0, helped by above-average gains in Banks and Properties.

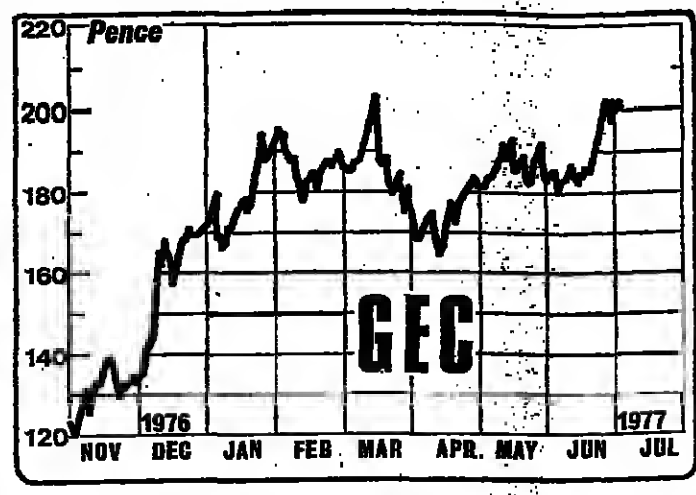
Generally confusion about wages after Phase two ends this month made for a dull trend in British Funds. Any further response to the previous day's late announcement of record U.K. official reserves was annulled by the miners' pay demands and the longer maturities soon trended lower, by a maximum of 1/2 before a slight recovery towards the close reduced the losses to 1/2. A thin trade was experienced at this and also at the short end of the market which, after opening steadily at around overnight list prices, began moving higher in the afternoon until the movement was arrested late by anticipations regarding the latest banking statistics.

Still reflecting a week-end Press mention, Treasury 3 1/2 per cent, 1975-81, hardened 3/4 more to 89; the stock will be quoted clean next Monday. Other low-coupon issues achieved some improvement in sympathy and although the new floater, Treasury Variable 1982, hardened to 88 1/2, the Government broker was untested at that level. Business was small again in the investment currency market and the premium hovered between 114 1/2 and 113 1/2 per cent before settling 1/2 better on balance at 114 1/2 per cent. Yesterday's SE conversion factor was 0.7078 (0.7062).

Midland Bank good
Buying interest revived in Home Banks ahead of the forthcoming interim results season. Midland benefited most with a gain of 6 to 259, while Lloyds improved 3 to 215; both are due to report on July 22. Barclays (July 25) and National Westminster (July 20) both hardened 2 to 274 and 238 respectively. Discounts improved to 225p following favourable comment on the interim results. Cater Ryder made a similar gain at 260, while King and Shasson hardened 2 to 52. Among Merchant Banks, Mercury Securities put on 2 to 110p in response to the annual figures; in sympathy Guinness Peck improved 4 to 170.

Insurances lacked a decisive trend. Among Brokers, C. E. Heath put on 10 to 650 and Sedgwick Forbes hardened 3 to 917. Composites in demand added Phoenix, 4 higher at 215p. A Bell came to the fore in Discretionary concerns, rising 13 to 271p on virtue talk about a forthcoming bid from A. Galanese; the latter closed 3 cheaper at 125p. Buildings sported a fair scattering of small gains, mainly in response to bid hopes. Concrete led the way with a rise of 6 to 210p, after 12 1/2, compared with the 110p a share cash offer from National Chemical Industries. Brynall Holdings, in sympathy, gained 3 to 29p, after 30p. R. Costain's perennial armours remained bids, gained 3 to 215p. International Timber hardened 2 to 107p; annual results are expected next Tuesday. Elsewhere, Taylor Woodrow rallied 0 to 364p, while AP Cement gained 3 to 157p. H. Downing put on 2 to 150p in the late trading on news of higher profits and an increased dividend.

Channel Tunnel jump
The possibility of the Channel tunnel project being revived with 230p assistance stimulated a lively business in Channel Tunnel Investments, results expected on chairman's annual review. Motors and Distributors had a firmer inclination. Lucas Industries rallied a penny to 285p as hopes revived of a settlement of the current labour dispute, while Clayton Dewandre, 106 1/2p, and Flight Refuelling, 60p, put on 1/2. Les Services continued firmly, closing a fraction better at 85p following the announcement that the company has sold the Carlton Tower Hotel to Proteus Ltd. for £14m. British Car Auction returned to favour and improved 2 1/2 to 38p. A note too favourable Press reception to Associated Newspapers annual results left the shares 17 down on the day at 176p, after 174p. Daily Mail A, with results due to-morrow, also came on offer and led 12 to 290p. Demand in a thin market lifted Rediffusion and Kagan Paul by 7 to 95p. Paper/Publishing had a quiet day, with the exception of John Waddington 2 better at 160p in front of to-day's annual figures, while Inveresk hardened the turn to 70p ahead of interim results expected next Tuesday. Dolan Packaging eased 2 to 100p despite news that ITC Securities has increased its stake in the company to 8.84 per cent.



BP lively
British Petroleum party paid well a lively market again and touched 387p before easing back to settle at 383p for a rise of 5 on the day, the fully paid ended 4 dearer at 834p, after 830p. Elsewhere in Oils, Shell, 270p, but reacted to close only 2 1/2 better on balance at 566p. Ultramar put on 2 to 164p and Tricentrol 4 to 168p, while Attock closed 3 to the 120p 12 1/2. A little more interest was being shown in the Property sector and E. Sunley featured with a rise of 12 to 135p, a large block of shares around 100p to have been successfully placed through the market on Monday. Chesterfield responded afresh to the annual review and put on 10 more to 180p, while the other issues in the group were little altered. On the bid front, Butterfield Harvey followed Monday's jump of 4 to 232p, but Satellite Speakman came on offer following the profits setback and fell 6 to 40p. News of the acquisition of EMI Meter, 230p, hardened 2 to 215p, while Romner issues gained around 2 to the common price of 45p on the increased dividend and profits. Buying interest revived in Duracide, up 5 to 107p, and rises of 4 to 107p, and 4 to 107p, were recorded by H. Brammer, 168p, Cope Allman, 49p, and S. Gibbon, 102p. Roxmore, 3 dearer at 51p, reflected satisfaction with the annual results, appreciated 1 1/2 to 32p in response to the higher dividend and profits forecast with the proposed rights offer. Among Shipbuilders, Swan Hunter recovered 9 to 130p on nationalisation compensation. Foods were quiet and often little changed. J. Lyons moved up 3 to 91p, while J. Bibby, 135p, and Pork Farms, 237p, put on 2

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FINANCIAL TIMES STOCK INDICES
Table with columns for dates (July 5, 6, 7, 8, 9, 10, 11, 12, 13, 14, 15, 16, 17, 18, 19, 20, 21, 22, 23, 24, 25, 26, 27, 28, 29, 30, 31) and rows for Government Securities, Fixed Interest, Industrial Ordinary, Gold Mines, Ord. Div. Yield, Earnings '47/48, P/E Ratio (est. '77), Dividends marked, Equity turnover 2m., and Equity bargains (total).

HIGHS AND LOWS
Table with columns for Stock, High, Low, and S.E. ACTIVITY. Includes Govt. Sec., Fixed Int., and Gold Mines.

ACTIVE STOCKS
Table with columns for Stock, Denomina., No., Closing price (p), Change on day, and 1977 high/low. Lists various stocks like BP, GEC, ICI, etc.

NEW HIGHS AND LOWS FOR 1977
Table with columns for Stock, High, Low, and RISES AND FALLS YESTERDAY. Lists various stocks and their daily movements.

STOCK EXCHANGE BUSINESS IN JUNE
Total turnover at lowest level for eight months

FINANCIAL TIMES REPORTER
STOCK EXCHANGE business last month was adversely affected by the multi-million pound application for the partly paid shares in British Petroleum, bringing total turnover down to its lowest level for eight months. At £3.1bn, turnover dropped £3.4bn, or 29 per cent, from the May total. Similarly, the number of bargains fell from 611,919 to 406,392 although the average value per bargain increased from £19,907 to £20,038.

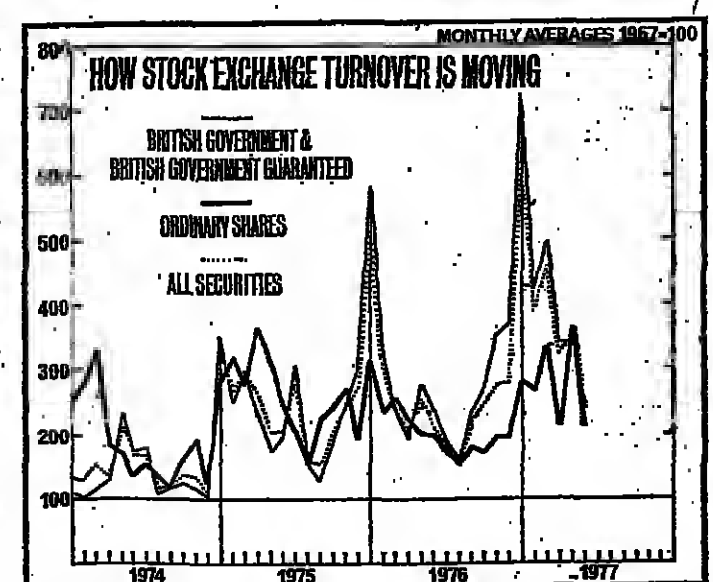


Table showing Value of all purchases and sales, % of total, Number of bargains, Average value per bargain, and Average no. of bargains per day for various categories like British Government, Irish Government, U.K. Local Authority, etc.

In terms of the FT Turnover index for Ordinary shares, this represented a fall from the previous month's 380.9 to 213.0; the latter, the lowest so far this year, is still in excess of last year's average of 210.5. The number of equity bargains last month was 301,702, which represented 74.3 per cent of the total number of bargains done; in May, bargains in equities totalled 470,083 which was 77.5 per cent of the month's total. The average number of bargains in Ordinary shares per day was 15,058 compared with May's 21,640, while the average value per bargain fell from £24,452 to £20,038.

RECENT ISSUES

Table listing recent issues in EQUITIES and FIXED INTEREST STOCKS, including company names, issue sizes, and prices.

"RIGHTS" OFFERS

Table listing rights offers for various companies, including company names, issue sizes, and prices.

FT-ACTUARIES SHARE INDICES

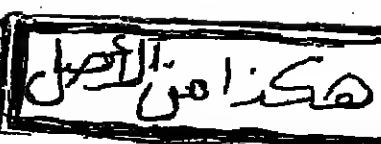
These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

Table showing EQUITY GROUPS and FIXED INTEREST YIELDS. Includes sub-sections like CAPITAL GOODS, CONSUMER GOODS, and various yield percentages.

OPTIONS TRADED

Table showing DEALING DATES and OPTIONS TRADED, including dates and prices for various financial instruments.





AUTHORISED UNIT TRUSTS

OFFSHORE AND OVERSEAS FUNDS

Vertical text on the left margin: 'TIMES STOCK', 'ID LOWS', 'TIVE STOCKS', 'AND LOWS', 'RISES', 'ARE INDICATED', 'ial Times', 'aries', '77', 'BASE LENDING RATES', 'AMENDMENT', 'The Continental and Industrial Trust Limited', 'The advertisement published yesterday in this paper, announcing the Details from the Report Accounts for the year ended 31 May 1977, penultimate paragraph should have read as follows: The Trust also plays a not insignificant part in provision of capital for industry. The Trust does not invariably take up new shares in a rights issue and in this way has provided new capital of up to £1.5 million over the last ten years.'

Table of Authorised Unit Trusts. Columns include Trust Name, Manager, and various performance metrics. Includes sub-sections like 'BASE LENDING RATES' and 'AMENDMENT'.

Table of Offshore and Overseas Funds. Columns include Fund Name, Manager, and performance data. Includes sub-sections like 'INSURANCE, PROPERTY, BONDS' and 'NOTES'.

INSURANCE, PROPERTY, BONDS

Table of Insurance, Property, and Bonds. Columns include Company Name, Product Name, and terms/conditions. Includes sub-sections like 'NOTES' and 'CLIVE INVESTMENTS LIMITED'.

Advertisement for 'The Continental and Industrial Trust Limited'. Text describes the trust's role in providing capital for industry and its performance over the last ten years.

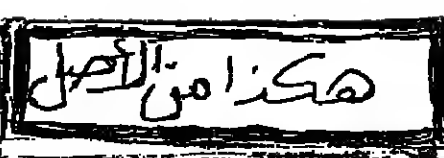
Advertisement for 'CLIVE INVESTMENTS LIMITED'. Lists various investment products and their details, including 'Royal Exchange Ave. London EC3V 3LU'.

Table titled 'INSURANCE BASE RATES'. Lists rates for Property Growth (10%), Cannon Assurance (5%), and other insurance products.









MOTORS, AIRCRAFT TRADES

Table listing various motor and aircraft trade items with columns for Stock, Price, and other details.

PROPERTY - Continued

Table listing property listings with columns for Stock, Price, and other details.

TRUSTS - Continued

Table listing various trusts with columns for Stock, Price, and other details.

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CENTRAL AFRICAN

Table listing Central African securities with columns for Stock, Price, and other details.

SHIPPERS, REPAIRERS

Table listing shipper and repairer items with columns for Stock, Price, and other details.

SHIPPING

Table listing shipping items with columns for Stock, Price, and other details.

SHOES AND LEATHER

Table listing shoes and leather items with columns for Stock, Price, and other details.

SOUTH AFRICANS

Table listing South African securities with columns for Stock, Price, and other details.

OVERSEAS TRADERS

Table listing overseas trader items with columns for Stock, Price, and other details.

AUSTRALIAN

Table listing Australian securities with columns for Stock, Price, and other details.

NEWSPAPERS, PUBLISHERS

Table listing newspaper and publisher items with columns for Stock, Price, and other details.

TEXTILES

Table listing textile items with columns for Stock, Price, and other details.

TRUSTS, FINANCE, LAND

Table listing trusts, finance, and land items with columns for Stock, Price, and other details.

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PAPER, PRINTING, ADVERTISING

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European court backs skim milk protest

BY ROBIN REEVES

THE EUROPEAN Court of Justice took on the Council of Ministers and the Commission today and ruled that they had exceeded their authority last year when they approved a regulation forcing animal feed makers to use surplus dried milk in their products.

The scheme, designed to get rid of 400,000 tonnes of the EEC's skim milk powder mountain, lasted from April to the end of October.

The scheme was pushed through a somewhat reluctant Council of Ministers in the farm prices negotiation in March last year by Mr. Pierre Lardinois, the former Commissioner for Agriculture.

African summit backs Nkomo and Mugabe

BY BRIDGET BLOOM, AFRICA CORRESPONDENT

THE 48-member Organisation of African Unity yesterday endorsed the Patriotic Front as Rhodesia's legitimate nationalist movement.

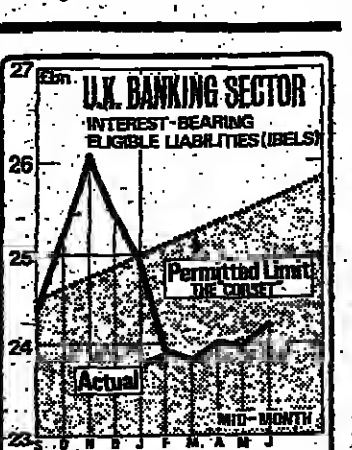
But they certainly could not do so now that the Patriotic Front has full OAU backing.

Export successes for GEC

THE LEX COLUMN

The feature of GEC's current trading is a substantial increase in sales overseas.

Index rose 1.4 to 451.0



At the same time, the group's cash holdings continue to inflate. The net balance doubled to £470m over the year, aided by a large increase in trade credit.

British Steel 'in danger' through heavy losses

BY ROY HODSON

A BLACK PICTURE of the state of the nationalised iron and steel industry was painted yesterday by Sir Charles Villiers, chairman of British Steel Corporation, speaking at the conference of the National Union of Blastfurnacemen in Blackpool.

Sir Charles: "You won't like it belongs to everybody in Britain."

He added: "I reckon we will get big money for the next five years to get back into the international class across the board."

Liberals threaten poll over miners

BY RICHARD EVANS, LOBBY EDITOR

THE big pay increases sought by the miners' union today questioned the future of the Liberal Party and consequently the future of the Government.

Mr. Pardo, the Liberal Party spokesman, warned against the miners' strike after an election.

Bank lending continues to rise

BY MICHAEL BLANDEN

BANK LENDING continued to rise last month and for the first time this year there are tentative signs of renewed demand from manufacturing industry.

The banks report that the rise in lending appeared to have been spread mainly over manufacturing industry, agriculture and the personal sector.

The demand for finance by manufacturers is still modest, and bankers argue that it is too early to detect with certainty any significant upsurge in support of new investment.

Further fall in dollar

THE DOLLAR continued to fall against most leading currencies yesterday under further selling pressure in the foreign exchange markets.

The dollar dropped through the ¥265 level against the Japanese currency falling at one point to ¥263.70 before recovering to close at ¥264.15.

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Weather

U.K. TO-DAY DRY and sunny. Thundery conditions in western areas.

Table with columns for location, Y'day, Mid-day, and Y'day. Lists various cities like Alexandria, Amsterdam, Athens, etc.

breaks. Wind E. light to moderate. Max. 24C (75F).

Table with columns for location, Y'day, Mid-day, and Y'day. Lists holiday resorts like Alacorti, Alghero, Alghero, etc.

Grunwick

The three man inquiry panel, which includes Mr. Pat Lowry, British Leyland's personnel director and Mr. Terry Parry, general secretary of the Fire Brigade Union, eventually decided to reconvene the inquiry on Monday with further sessions on Tuesday and Thursday next week.

Advertisement for New Prestige Offices. Features images of office buildings and text describing office space for rent in Twickenham, Hayes, and Dunstable.

Handwritten Arabic text at the bottom of the page.